



三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 01530

2025

ANNUAL REPORT





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Company Profile

3SBio Inc. (the “**Company**” or “**3SBio**”, and with its subsidiaries collectively, the “**Group**”) is a leading biotechnology company in the People’s Republic of China (the “**PRC**”). As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in researching, developing, manufacturing and marketing bio-pharmaceuticals. The core commercialized products of the Group include several bio-pharmaceutical drugs, namely, TPIAO (特比澳), recombinant human erythropoietin (“**rhEPO**”) products EPIAO (益比奥) and SEPO (賽博爾), Yisaipu (益賽普) and Cipterbin (賽普汀), and a small molecule drug, Mandi (蔓迪®) series of minoxidil drugs. TPIAO is the only commercialized recombinant human thrombopoietin (“**rhTPO**”) product in the world. According to IQVIA¹, the market share in the treatment of thrombocytopenia of TPIAO in Mainland China² was 60.4% in 2025 in terms of sales value. With its two rhEPO products, the Group has been the premier market leader in the Mainland China rhEPO market for over two decades, holding a total market share of 39.6% in 2025. Yisaipu is the first-to-market Tumour Necrosis Factor (“**TNF**”) α inhibitor product in Mainland China. Mandi has a dominant position in the Mainland China hair loss drug market. The Group has been expanding its therapeutic coverage by adding products through internal research and development (“**R&D**”) and various external strategic partnerships.

As at 31 December 2025, amongst the 27 key product candidates within the Group’s active pipeline, 24 were being developed as innovative drugs in Mainland China. 19 are antibodies or fusion proteins, 3 are other biologic products, and 5 are small molecule drugs. The Group has 8 product candidates in hematology/oncology; 11 product candidates that target auto-immune diseases including plaque psoriasis, atopic dermatitis (“**AD**”), gouty arthritis, etc., ophthalmic disease (branch retinal vein occlusion (“**BRVO**”)), and other diseases; 4 product candidates in nephrology; 2 product candidates in dermatology and 2 product candidates in metabolic diseases.

The Group operates in a highly attractive industry. Biotechnology has revolutionized the pharmaceutical industry by addressing unmet medical needs and offering innovative treatments for a wide array of human diseases. In Mainland China, the biotechnology industry enjoys strong government support. The 2026 Government Work Report at the National People’s Congress and the Chinese People’s Political Consultative Conference (NPC & CPPCC) elevated the bio-pharmaceutical industry to a new strategic height, specifically designating it as a national “emerging pillar industry”. Strong government support along with increasing physician adoption of biopharmaceuticals has driven strong industry growth in Mainland China.

The Group is positioned for global expansion. During the year ended 31 December 2025 (the “**Reporting Period**”), the Group’s products were sold in 39 overseas markets. The investigational new drug (“**IND**”) applications of over 10 candidates in the Group’s pipeline have been approved by the U.S. Food and Drug Administration (“**FDA**”). As announced in May 2025, the Group has entered a global collaboration with Pfizer Inc. (“**Pfizer**”) on the anti-vascular endothelial growth factor (“**VEGF**”)/programmed cell death protein 1 (“**PD-1**”) bi-specific antibody (“**BsAb**”) (Group R&D code: 707 Injection, “**707**”). The Group aims to focus its R&D to provide more innovative therapeutics for patients in Mainland China and globally.

As at 31 December 2025, the Group had operation facilities in Shenyang, Shanghai, Hangzhou, Dongguan and Shenzhen, all in Mainland China, as well as in Como, Italy, with 6,109 employees. The Group’s pharmaceutical products are marketed and sold in all provinces, autonomous regions and special municipalities in Mainland China, as well as a number of foreign countries and regions. During the Reporting Period, the Group’s nationwide sales and distribution network enabled it to sell its products to more than 11,000 hospitals and medical institutions in Mainland China.

¹ All market share information throughout this annual report cites the IQVIA data, unless otherwise noted.

² Hereinafter referred to as the mainland area of the PRC.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. LOU Jing (*Chairman & Chief Executive Officer*)

Ms. SU Dongmei

Non-executive Director

Ms. ZHANG Jiaoe

Independent Non-executive Directors

Mr. PU Tianruo

Ms. YANG Hoi Ti Heidi

Mr. NG Joo Yeow Gerry

COMPANY SECRETARY

Ms. LAI Siu Kuen

AUTHORIZED REPRESENTATIVES

Ms. SU Dongmei

Ms. LAI Siu Kuen

AUDIT COMMITTEE

Mr. PU Tianruo (*Chairman*)

Ms. YANG Hoi Ti Heidi

Mr. NG Joo Yeow Gerry

REMUNERATION COMMITTEE

Ms. YANG Hoi Ti Heidi (*Chairlady*)

Mr. PU Tianruo

Mr. NG Joo Yeow Gerry

NOMINATION COMMITTEE

Dr. LOU Jing (*Chairman*)

Ms. YANG Hoi Ti Heidi

(committee membership effective from 25 June 2025)

Mr. NG Joo Yeow Gerry

Mr. PU Tianruo

(committee membership ended on 25 June 2025)

REGISTERED OFFICE (IN THE CAYMAN ISLANDS)

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong SAR

PRC

HEADQUARTERS

No. 3 A1, Road 10

Shenyang Economy and Technology Development Zone

Shenyang

PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

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 SAR

PRC

Corporate Information

PRINCIPAL BANK

Industrial Bank Co., Ltd., Shenyang Branch

No. 77 Wenhua Road
Heping District
Shenyang
PRC

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong SAR
PRC

LEGAL ADVISERS

As to Hong Kong law and United States law:

Baker & McKenzie

14th Floor, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong SAR
PRC

As to Cayman Islands law:

Conyers Dill & Pearman

29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong SAR
PRC

SECURITIES CODE

Shares Listing

Ordinary Shares

The Stock Exchange of Hong Kong Limited
(Stock Code: 01530)

COMPANY'S WEBSITE

www.3sbio.com

Financial Highlights

	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,382,009	6,865,735	7,815,938	9,107,978	17,695,749
Gross Profit	5,275,723	5,671,574	6,641,640	7,828,376	16,347,313
Research and Development Costs	753,872	693,813	794,794	1,326,530	1,520,356
EBITDA	2,174,961	2,615,078	2,389,093	3,173,772	11,063,350
EBITDA adjusted for non-operating items	2,190,250	2,303,777	2,768,353	3,402,296	11,035,430
Net Profit attributable to owners of the parent	1,651,247	1,915,727	1,549,239	2,090,320	8,482,164
Net Profit attributable to owners of the parent adjusted for non-operating items	1,726,950	1,659,075	1,952,384	2,318,844	8,454,244
Net Cash Flows from Operating Activities	1,578,345	2,134,263	2,082,857	3,201,258	9,668,867
Gearing Ratio	17.9%	29.4%	29.3%	19.7%	9.8%
Total Assets	19,212,575	22,008,962	23,625,028	24,212,740	36,250,338
Total Liabilities	4,554,778	6,645,381	7,111,428	6,176,410	5,814,179
Total Equity	14,657,797	15,363,581	16,513,600	18,036,330	30,436,159

Chairman's Statement

Honored Shareholders:

On behalf of the board of directors (the “**Directors**”) of the Company (the “**Board**”), I am delighted to present the annual results for the financial year ended 31 December 2025.

The year 2025 was a milestone year in the Group's history. Benefiting from the robust performance of our core products and a global licensing collaboration with Pfizer for 707, the Group's total revenue and profit reached new record highs. The research, production, and sales of our proprietary products continued to develop, while our external collaborations achieved breakthrough results. The Board recommends the payment of a final dividend of Hong Kong Dollar (“**HKD**”) 25 cents per share, to share the development dividends with shareholders.

Clinical stage R&D progress

In 2025, two of the Group's products (NuPIAO, Eltrombopag Tablets) received marketing approval during the year, one product (608, anti-interleukin (“**IL**”)-17A monoclonal antibody (“**mAb**”)) was successfully approved for marketing in February 2026, and three products (613 anti-IL-1 β mAb, 611 anti-IL-4R mAb, 601A anti-VEGF mAb) had their marketing applications submitted. A partnered product (Liporaxel) was successfully included in the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) (“**NRDL**”). Currently, there are 27 product candidates in the Group's R&D pipeline. In 2025, key clinical progress included:

In hematology and oncology areas:

- 705 (Anti-PD-1/Her2 BsAb): The phase II clinical trial for Her-2 positive advanced solid tumors is being continuously advanced;
- 706 (Anti-PD-1/PD-L1 BsAb): The phase II clinical trial for advanced solid tumors is being continuously advanced;
- 708 (Anti-PD-1/TGF- β BsAb), 709 (Anti-PD-1/LAG3 BsAb), SSS59 (Anti-MUC17/CD3/CD28 Tri-specific antibody (Ab)), SPGL008 (Anti-B7H3 Ab/IL15 Fusion Protein): The phase I clinical trial is in progress.

In nephrology area:

- SSS55 (C3b-targeting Bi-functional Fusion Protein): The phase I clinical trial for paroxysmal nocturnal hemoglobinuria is ongoing;
- SSS68 (Long-acting anti-April/BAFF BsAb): US IND for IgA nephropathy has been approved.

In auto-immunity area:

- 613 (Anti-IL-1 β mAb): The marketing application for acute gouty arthritis was accepted by the Center for Drug Evaluation (“CDE”) of the PRC National Medical Products Administration (“NMPA”) in June 2025, and the Phase II clinical results for the inter-critical period of gouty arthritis were positive;
- 611 (Anti-IL4R mAb): The marketing application for the treatment of moderate to severe AD in adults was accepted by the CDE in February 2026; Phase III clinical trials for the treatment of Chronic Rhinosinusitis with Nasal Polyps (CRSwNP), moderate to severe AD in adolescents, and Chronic Obstructive Pulmonary Disease (COPD) are in progress, and the Phase II clinical trial for moderate to severe AD in children has also commenced.
- 610 (Anti-IL5 mAb): The phase III clinical trial for the treatment of severe eosinophilic asthma is currently ongoing, with phase II data indicating positive efficacy outcomes;
- 626 (Anti-BDCA2 Ab): Patient enrollment for the Phase Ib clinical trial for systemic lupus erythematosus (SLE) conducted in Mainland China has been completed;
- 627 (Anti-TL1A Ab): The Phase II clinical trial for the treatment of ulcerative colitis (UC) conducted in Mainland China has been initiated.

In dermatology and other areas:

- WS204 (Clascoterone Cream): Phase III clinical trial for moderate-to-severe acne is ongoing;
- WS2403 (Semaglutide Injection): The weight management indication is in Phase III clinical stage.

Global strategic partnerships

In 2025, the Group achieved a historic breakthrough in external collaborations. The Group's independently developed PD-1/VEGF BsAb 707 entered into an exclusive license agreement with Pfizer, granting Pfizer the global rights to develop, manufacture and commercialise 707. As a result, the Group received front-end payments of United States Dollar (“USD”)1.5 billion, with total potential milestone payments exceeding USD4.8 billion, as well as tiered double-digit royalties on sales. This transaction represents the single deal with the highest upfront payment in the history of innovative drugs out-licensing from Mainland China. Pfizer also became a strategic shareholder of the Group through a subscription of new shares.

Looking forward, the year 2026 marks the starting year of the “15th Five-Year Plan period”, during which bio-pharmaceuticals have been explicitly designated for the first time as an “emerging pillar industry” at the national level. The Group will continue to uphold the principle of “integrity and innovation” and steadfastly pursue the “hard but right path”. In the commercialisation area, we will focus on accelerating market access and academic promotion for newly approved products, including Yisaituo® (Amdokitug Injection), NuPIAO® (Loncipoetin alfa Injection) and the partnered product Liporaxel® (paclitaxel oral solution).

Chairman's Statement

In terms of R&D innovation, the Group fully leverages its technical strengths in the research and development of biopharmaceuticals. It spares no effort to expedite the clinical research of key products within its pipeline, which are ahead in the competition in their respective target field and demonstrate excellent clinical outcomes, while exploring strategically new molecular formats and indications.

In terms of external collaboration, we will see the cash-out in stages of the milestone payments from the 707 overseas licensing, consistently promote out-licensing of leading pipeline candidates, and welcome competition and rewards in the global market.

Finally, on behalf of 3SBio, I would like to give my sincerest thanks to all our valued stakeholders – patients, employees and shareholders of the Company, and medical workers – for supporting our efforts to strengthen the Company and provide better care to patients.

Dr. LOU Jing

Chairman & Chief Executive Officer

30 March 2026

Management Discussion and Analysis

BUSINESS REVIEW

Key Events

Cooperation with Duality Biologics in respect of HER2 ADC Drug

As announced on 13 January 2025, Shenyang Sunshine Pharmaceutical Co., Ltd. ("**Shenyang Sunshine**"), a wholly-owned subsidiary of the Company, and its subsidiaries entered into a cooperation agreement with Duality Biologics (Shanghai) Co., Ltd. ("**Duality Biologics**"), a clinical-stage innovative biopharmaceutical company focusing on the R&D of next-generation ADC therapeutic drugs for patients suffering from cancers and autoimmune diseases, in respect of a HER2 ADC drug DB-1303. Pursuant to the agreement, Shenyang Sunshine will obtain the commercialization right of the HER2 ADC drug DB-1303 developed by Duality Biologics for various indications in Mainland China, Hong Kong and Macau. Shenyang Sunshine will pay Duality Biologics an initial payment as well as R&D and sales milestone payments in accordance with the agreement. Meanwhile, Duality Biologics will continue to be responsible for the clinical development, registration and other works of the relevant indications in the cooperative regions.

707 Injection Granted Breakthrough Therapy Designation by NMPA

On 17 April 2025, the anti-VEGF/PD-1 BsAb 707, independently developed by 3SBio, was granted a Breakthrough Therapy Designation ("**BTD**") by the NMPA. The designated indication is the first-line treatment of PD-L1 positive locally advanced or metastatic non-small cell lung cancer ("**NSCLC**").

707 Injection is a BsAb targeting VEGF/PD-1, independently developed by 3SBio based on its proprietary CLF2 platform. It has also received approval from the U.S. FDA for its IND application.

The CDE provides policy support for drugs that have been granted BTDs, including prioritised allocation of resources for communication, enhanced guidance, and accelerated drug development. Upon submission of a New Drug Application ("**NDA**"), if the relevant criteria are met, priority review and approval status may be granted, thereby expediting the market launch process.

Management Discussion and Analysis

707 Out-license to Pfizer

— *License Agreement*

On 19 May 2025, the Company, Shenyang Sunshine and Pfizer entered into an exclusive licensing agreement (the “**License Agreement**”). Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (“**Sunshine Guojian**”) joined as a signing party through a joinder agreement.

Pursuant to the License Agreement, the Company and Shenyang Sunshine grant an exclusive license to Pfizer to develop, manufacture, commercialize, and otherwise exploit the Group’s breakthrough PD-1/VEGF BsAb 707 worldwide excluding Mainland China (the “**Licensed Territory**”). The Company and Shenyang Sunshine retain the development, manufacturing, commercialization, and other exploitation rights of 707 within Mainland China. Pfizer has the option of commercialization rights in Mainland China.

Pfizer shall be responsible for bearing all costs of the development and regulatory affairs for all future trials of 707 in the Licensed Territory.

Pursuant to the License Agreement, the Group shall receive an upfront payment of USD1,250 million and may receive potential payments totaling up to USD4,800 million, including development, regulatory approval and sales milestone payments. All such payments are non-refundable and non-creditable. The Group will also receive a tiered double-digit percentage of royalties on net product sales in the Licensed Territory.

The License Agreement came into effect on 24 July 2025.

For further details, please refer to the Company’s announcements dated 20 May 2025 and 24 July 2025.

— *Option Agreement*

The option agreement in respect of Pfizer’s option to commercialize 707 in Mainland China (the “**Option Agreement**”) has also come into effect as of 24 July 2025. The Option Agreement grants Pfizer an exclusive option to develop and commercialize 707 in the PRC. The Group will receive non-refundable and non-creditable option fee and exercise fee totaling no more than USD150 million. Upon exercise of such option as contemplated under the Option Agreement, the licensed territory under the License Agreement will be worldwide. The Group retains the right to supply 707 pursuant to the Clinical Supply Agreement executed on 2 July 2025 and the Commercial Supply Agreement to be negotiated if Pfizer exercises the option under the Option Agreement.

For further details, please refer to the Company’s announcements dated 20 May 2025 and 24 July 2025.

— **Subscription of New Shares by Pfizer**

On 24 July 2025, the Company entered into a subscription agreement with Pfizer. Completion of the subscription took place on 1 August 2025. A total of 31,142,500 ordinary shares of the Company (ordinary share(s) of USD0.00001 each in the issued share capital of the Company, “**Share(s)**”) (all such 31,142,500 Shares, “**Pfizer Shares**”) were successfully issued to Pfizer at the subscription price of HKD25.2055 per share. The subscription price represents a discount of approximately 17.09% to the closing price of HKD30.40 per ordinary share as quoted on The Stock Exchange of Hong Kong Limited (the “**HKEx**”) on the date of the subscription agreement and a discount of approximately 15.47% to the average closing price of HKD29.82 per ordinary share as quoted on the HKEx for the last five trading days immediately preceding the date of the subscription agreement. The Pfizer Shares represent (i) approximately 1.30% of the issued share capital of the Company immediately before completion; and (ii) approximately 1.28% of the issued share capital of the Company as enlarged by the issue and allotment of the Pfizer Shares. The aggregate nominal value of the Pfizer Shares was USD311.425.

The aggregate gross proceeds from the subscription amounted to approximately HKD785.0 million and the net proceeds arising from the subscription amounted to approximately HKD785.0 million, after deduction of relevant costs and expenses. Accordingly, the net subscription price was approximately HKD25.2055 per subscription share. As disclosed in the Company’s announcement dated 24 July 2025, the Company intends to use (i) approximately HKD628.0 million (representing 80% of the net proceeds) for the global R&D arrangement of clinical and preclinical programs within its pipeline, as well as to the enhancement of manufacturing facilities; and (ii) approximately HKD157.0 million (representing 20% of the net proceeds) for other general corporate purposes.

The subscription represents a good opportunity to (i) secure additional funding for the Company and enhance the Company’s shareholder base with Pfizer as a strategic investor; and (ii) further empower its business growth and grant the Company more support and flexibility on the pipeline development initiatives, unlocking greater potential of its assets in global market and ultimately generating sustainable long-term returns for the Company and its shareholders.

For further details, please refer to the Company’s announcements dated 24 July 2025 and 1 August 2025.

Approximately HKD70.0 million has been fully utilized as intended during the Reporting Period. The remaining HKD715.0 million is expected to be fully utilized for the intended purposes in next 3 years.

Grant of Awarded Shares by Mandi Inc.

On 20 October 2025, as part of the Group’s initiatives to incentivise the performance of its directors, senior management and employees, the board of directors of Mandi Inc., a wholly-owned subsidiary of the Company, has resolved to issue 640 ordinary shares of Mandi Inc. (one ordinary share of Mandi Inc., “**Mandi Share(s)**”) for awards (such 640 Mandi Shares as so awarded, “**Awards**”) to selected participants, among which 290 Mandi Shares were issued to Mandi Group Limited, a holding company of the trust constituted to service the equity incentive plan adopted by the board of directors of Mandi Inc. on 30 September 2025 (the “**Mandi Equity Incentive Plan**”) and 350 Mandi Shares were issued to Hero Grand Management Limited (“**Hero Grand**”). The consideration for the issuance of Mandi Shares to Hero Grand and Mandi Group Limited was determined after taking into account, among others, the past contribution made by the selected participants to Mandi Inc. and the Group.

Management Discussion and Analysis

The 640 Awards represent (i) approximately 6.84% of the issued share capital of Mandi Inc. as at 20 October 2025; and (ii) 6.4% of the issued share capital of Mandi Inc. as enlarged by the issue of the Awards. The aggregate nominal value of the Awards is USD640.00.

After the issue of Awards, Mandi Inc. will remain as a subsidiary of the Company.

The Awards will be allotted and issued for the purpose of the Mandi Equity Incentive Plan in accordance with the forms of share award agreements approved by the Mandi Inc. board pursuant to the Mandi Equity Incentive Plan.

The grant of the Awards is beneficial to and in the interest of Mandi Inc., the Group and the shareholders of the Company as a whole from a business sustainability and stability perspective.

For further details, please refer to the Company's announcement dated 20 October 2025.

Placing of New Shares

On 9 December 2025, an aggregate of 105,169,500 Shares (any one or more such Shares, "**Placing Shares**", the placing of such Shares, "**Placing**") have been placed by the placing agent to not less than six placees at the placing price of HKD29.62 per Placing Share pursuant to the terms and conditions of the placing agreement, representing approximately 4.14% of the total number of the Shares in issue as enlarged by the issue of the Placing Shares. The aggregate nominal value of the Placing Shares was USD1,051.70. The placees and their respective ultimate beneficial owners were professional, institutional, or other investors who were not connected persons of the Company.

The placing price was determined on an arm's length basis between the Company and the sole placing agent and with reference to the prevailing market price of the Shares and represents (i) a discount of 6.50% to the closing price of HKD31.68 per Share as quoted on the HKEx on the trading day immediately preceding the date of the placing agreement; and (ii) a discount of approximately 5.29% to the average closing price of approximately HKD31.28 per Share as quoted on HKEx for the last five consecutive trading days immediately preceding the date of the placing agreement. The net placing price (after deducting all applicable costs and expenses, including commission and levies) was approximately HKD29.35 per Share.

The estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HKD3,115.12 million and HKD3,086.84 million, respectively.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and its shareholders as a whole.

As disclosed in the Company's announcement dated 9 December 2025, the Company intends to use: (i) approximately 80% or HKD2,469.47 million for R&D-related expenditures, including: (a) advancing clinical research in Mainland China and the United States on innovative drug candidates in the R&D stage to accelerate pipeline progress; (b) supporting indication expansions or clinical trials outside of Mainland China for commercialised drugs to further enhance product value and expand market reach; and (c) building the global infrastructure and facilities; and (ii) approximately 20% or HKD617.37 million for working capital and other general corporate purpose to support the Group's ongoing operations and strategic initiatives.

Based on the best estimation of the Company on the specific R&D projects the Company is conducting or expects to conduct, which remains subject to change depending on the status of the R&D activities, the Company's business needs and the then market conditions, the Company expects that the net proceeds of the Placing are expected to be utilised in the next three years.

For further details, please refer to the Company's announcements dated 2 December 2025 and 9 December 2025.

Approximately HKD30.0 million has been fully utilized as intended during the Reporting Period. The remaining HKD3,056.8 million is expected to be fully utilized for the intended purposes in next 3 years.

Mandi Spin-off

The Company proposed to spin-off and separately list the shares of Mandi Inc. (together with its subsidiaries, the "**Spin-off Group**"), a subsidiary of the Company, on the Main Board of the HKEx (the "**Proposed Spin-off**"). The Proposed Spin-off, if proceeded, is expected to be implemented through (i) a distribution in specie by the Company of all the Mandi Shares that it holds to the shareholders of the Company in proportion to their respective shareholding in the Company as of a record date to be determined by the Board for the purpose of ascertaining the shareholders' entitlements and the (ii) global offering of new shares of Mandi Inc., comprising the offer of Mandi Shares for subscription by the public in Hong Kong and the placing of Mandi Shares to professional and institutional investors (the "**Global Offering**").

The Spin-off Group is a leading specialized consumer pharmaceuticals company in Mainland China dedicated to developing and delivering comprehensive and long-term solutions for skin health and weight management. Mandi Inc. primarily focuses on, and has established a leadership position in, the hair health sector within the broader skin health industry. Mandi Inc. introduced Mainland China's first 5% minoxidil tincture in 2001 under the Mandi (蔓迪®) brand, and further launched the second-generation minoxidil-based product, Mandi (蔓迪®) 5% minoxidil foam, in 2024.

The Company considers that the Proposed Spin-off is in the interests of the Group and the shareholders of the Company taken as a whole given, among others, the Proposed Spin-off will better position the Group (excluding the Spin-off Group and Sunshine Guojian) and the Spin-off Group for growth in their respective businesses and deliver benefits to both groups. The HKEx has confirmed that the Company may proceed with the Proposed Spin-off.

Management Discussion and Analysis

On 20 November 2025, Mandi Inc. submitted an application to the HKEx for the listing of the shares of Mandi Inc. on the Main Board of the HKEx by way of (i) a distribution in specie of all the Mandi Shares the Company holds in Mandi Inc. and (ii) the Global Offering of Mandi Inc.'s new shares. A redacted version of the application proof of the listing document of Mandi Inc. is available for viewing and downloading on the HKEx's website.

The distribution in specie shall be approved by the shareholders of the Company or the Board as required under the articles of association of the Company.

As the listing is conditional upon, among other things, the approvals of the Listing Committee of the HKEx, the final decision of the Board and the board of Mandi Inc., the market and other considerations, the Proposed Spin-off may or may not occur. Shareholders of the Company and other investors are reminded to exercise caution when dealing in the securities of the Company.

For further details, please refer to the announcements of the Company dated 20 November 2025 and 30 March 2026.

Key Commercialized Products

TPIAO

TPIAO is the Group's self-developed proprietary product, and has been the only commercialized rhTPO product in the world since its launch in 2005. TPIAO has been approved by the NMPA for four indications: the treatment of chemotherapy-induced thrombocytopenia ("CIT"), immune thrombocytopenia ("ITP"), pediatric ITP and Chronic Liver Disease-Related Thrombocytopenia ("CLDT"). TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects as compared to alternative treatments.

TPIAO has been listed on the NRDL as a Class B Drug for the treatment of CIT in patients with solid tumors or ITP since 2017. In the "Guidelines of CSCO – Cancer Therapy Induced Thrombocytopenia (2024 version)"^{#3}, rhTPO is listed as a treatment choice with the highest level recommendation, the Grade I recommendation. According to the "Adapted Guideline for the Diagnosis and Treatment of Primary Immune Thrombocytopenia for Chinese Children (2021)"^{#4}, rhTPO is the preferred choice among the conventional second line treatments. According to the "Chinese Guideline on the Diagnosis and Management of Adult Primary Immune Thrombocytopenia (2020 version)"^{#5}, rhTPO is one of the primary treatments for ITP emergency cases and is the preferred choice in the second line treatments list for both ITP and ITP in pregnancy. In "Consensus on the Clinical Diagnosis, Treatment, and Prevention of Chemotherapy-Induced Thrombocytopenia in China (2019 version)"^{#6}, rhTPO is one of the primary treatments for CIT. rhTPO has also received similar professional endorsements in several national guidelines and experts consensus on treating certain other diseases in Mainland China.

[#] In this report cited clinical guidelines and expert consensuses may have newer editions, with relevant contents in respect to any product of the Group still unchanged and current.

³ Issued by the Chinese Society of Clinical Oncology ("CSCO")

⁴ Issued by the Subspecialty Group of Hematologic Diseases, the Society of Pediatrics, Chinese Medical Association (the "CMA"); the Editorial Board, Chinese Journal of Pediatrics

⁵ Issued by the Thrombosis and Hemostasis Group of the Chinese Society of Hematology of the CMA

⁶ Issued by the Society of Chemotherapy, China Anti-Cancer Association; and Committee of Neoplastic Supportive-Care (CONS), China Anti-Cancer Association

Future growth of TPIAO may be driven by: (i) the enhanced market position as for inpatients attributable to its safety and efficacy, and its continually supplanting traditional IL platelet-raising drugs in clinical use; (ii) the continued increase in the number of hospitals covered; and (iii) the expansion of indications. During the Reporting Period, its market share for the treatment of thrombocytopenia in Mainland China was 27.7% in terms of sales volume and 60.4% in terms of sales value. In December 2025, TPIAO in the treatment of CLDT has been approved by the NMPA.

EPIAO

EPIAO is approved by the NMPA for the following three indications: the treatment of anemia associated with chronic kidney disease, the treatment of chemotherapy-induced anemia (“CIA”), and the reduction of allogeneic blood transfusion in surgery patients. rhEPO products has been listed on the NRDL as a Class B Drug for renal anemia since 2000, for CIA in patients with non-hematological malignancies since 2019, and, additionally, rhEPO products for the reduction of allogeneic blood transfusion in surgery patients also is under NRDL coverage since 2024. EPIAO has also been listed on the 2018 National Essential Drug List. EPIAO has consistently been the premier market leader in the Mainland China rhEPO market since 2002 in terms of both sales volume and sales value. The multi-center biosimilar clinical trials for EPIAO in Russia and Thailand were completed in 2021. These trials demonstrate that EPIAO has promising effectiveness and manageable safety in patients with end-stage renal disease on hemodialysis. EPIAO is in the process of registration in several countries in Asia, Africa, Europe, South and North America.

Yisaipu

Yisaipu (Recombinant Human TNF- α Receptor II: IgG Fc Fusion Protein for Injection), is a TNF- α inhibitor product. It was first launched in 2005 in Mainland China for rheumatoid arthritis (“RA”). Its indications were expanded to ankylosing spondylitis (“AS”) and psoriasis in 2007. Yisaipu has been listed on the NRDL as a Class B Drug since 2017 for RA and for AS, each subject to certain medical prerequisites, and additionally, since 2019 for the treatment of adult patients with severe plaque psoriasis. Yisaipu is the first-to-market TNF- α inhibitor product in Mainland China that filled a gap among domestic peers in regard to the fully-human therapeutic antibody-drugs. Compared with competitors, the efficacy and safety of Yisaipu have been proven in the domestic market over two decades. In “2018 China Rheumatoid Arthritis Treatment Guidance”, an authoritative document issued by the CMA, Yisaipu was adopted under ‘TNF- α inhibitors’ as one of the RA treatment options, and TNF- α inhibitors was deemed as a group of biological agents with relatively sufficient evidence and relatively wide adoption in treating RA. TNF- α inhibitors have been recommended in a number of professional guidelines, such as “EULAR Recommendations for the Management of Rheumatoid Arthritis with Synthetic and Biological Disease-Modifying Anti-rheumatic Drugs: 2022 Update”, “Group for Research and Assessment of Psoriasis and Psoriatic Arthritis (GRAPPA): Updated Treatment Recommendations for Psoriatic Arthritis 2021” and “Recommendations for Diagnosis and Treatment of Ankylosing Spondylitis”.⁷

⁷ Issued by Chinese Rheumatology Association of the CMA, Chin J Intern Med, August 2022, Vol. 61, N

Management Discussion and Analysis

The Group will continue to enhance the awareness and application of Yisaipu within the medical profession and foster market growth of rheumatic immune biological agents in key third and fourth tier cities, and meanwhile, actively expand the application of Yisaipu in different departments and fields including Chinese traditional medicine. The pre-filled syringe of Yisaipu, launched in 2023, improves patient convenience and enhances the overall market competitiveness of Yisaipu.

Cipterbin

Cipterbin (Inetetamab) is the first innovative anti-HER2 mAb in Mainland China with the engineered Fc region and optimized production process. Sunshine Guojian independently developed this product based on its proprietary technology platform. It was approved by the NMPA in June 2020 for treatment of HER2-positive metastatic breast cancer in combination with chemotherapy. Cipterbin has been listed on the NRDL since 2020. Inetetamab has been included in several clinical guidelines and experts consensus, including “*Guidelines of CSCO – Breast Cancer (2025 edition)*” and “*Guidelines for Breast Cancer Diagnosis and Treatment by China Anti-Cancer Association (2026 edition)*”. In addition, positive research progress has been made in the application of Cipterbin in early neo-adjuvant therapy, treatment of advanced HER2-positive breast cancer, and pan-HER2. These researches provide a strong scientific basis for Cipterbin in the treatment of breast cancer at different stages, and also provide new ideas for the treatment of other HER2-positive cancers.

Mandi (蔓迪®) minoxidil

Mandi (蔓迪®) minoxidil tincture was launched in 2001 as the first over-the-counter (“OTC”) drug in Mainland China for androgenetic alopecia (“AGA”) and alopecia areata. Minoxidil is the world’s only topical OTC drug for male and female alopecia that is approved for marketing by the U.S. FDA as well as the NMPA. The topical minoxidil can promote hair growth through: (i) promoting angiogenesis to increase regional blood supply and dilate scalp vascular, so as to improve microcirculation; (ii) directly stimulating proliferation and differentiation of hair follicle epithelial cells to extend hair growth cycle; and (iii) regulating the balance between calcium ion and potassium ion. In the “*Guideline for Diagnosis and Treatment of Androgenetic Alopecia*” issued by Chinese Medical Doctor Association, minoxidil receives the highest level of endorsement, as it is superior to other AGA treatments in terms of anti-alopecia and improvement effects and safety. In “*Chinese Experts Consensus on the Diagnosis and Treatment of Female Androgenetic Alopecia (2022 edition)*” (issued by the CMA), 5% minoxidil also receives the highest level of endorsement for the treatment of female androgenetic alopecia (FAGA).

In 2025, Mandi still had a dominant position in the Mainland China hair loss drug market. The Group believes that Mandi’s continuous growth in the future will be driven by: (i) persistent market education, as the Group will continue to invest resources in promotion and market education regarding the science of hair growth, enhancing the social recognition of Mandi as the top brand of scientific hair growth; (ii) professional digital marketing system, as Mandi expands its online layout from traditional e-commerce platforms such as Ali, JD, to new e-commerce platforms like TikTok store and RedNote, creating diversified and fine-tuned operation, accurately reaching and converting potential customers, and continuously boosting sales on e-commerce platforms; and (iii) launch of new SKUs of the brand.

CDMO Business

The Group's contract development and manufacturing operation ("**CDMO**") business currently comprises Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. ("**Desen Biologics**"), Shanghai Shengguo Pharmaceutical Development Co., Ltd., Guangdong Sunshine Pharmaceutical Co., Ltd. ("**Guangdong Sunshine**") and Sirton Pharmaceuticals S.p. A. ("**Sirton**") in Italy, all being the Group's subsidiaries. Among them, Desen Biologics has a total planned area of 500 Chinese mu, designed as a biopharmaceutical CDMO base, a manufacturing base of biopharmaceutical raw and auxiliary materials and consumables, and a biopharmaceutical core process equipment base that are domestically-leading, oriented to the international market and compliant with relevant Chinese, EU and U.S. Good Manufacturing Practice (GMP) regulations. Guangdong Sunshine focuses on services in GCT (Gene and Cell Therapy).

Research and Development

The Group's integrated R&D platform covers a broad range of technical expertise in the discovery and development of various innovative large and small molecule products, including antibody discovery, molecular cloning, antibody/protein engineering, gene expression, cell line construction, manufacturing process development, pilot and large-scale manufacturing, quality control and assurance, design and management of pre-clinical and clinical trials, and regulatory filing and registration. The Group is well experienced in the R&D of mammalian cell-expressed, bacterial cell-expressed and chemically-synthesized pharmaceuticals.

The Group focuses its R&D efforts on researching and developing innovative biologicals. Currently, the Group has several leading biological products in various clinical development stages in the areas of nephrology, oncology, autoimmune and inflammatory diseases, ophthalmology, dermatological and metabolic diseases.

The Group's R&D team, consisting of nearly 800 experienced scientists, is working diligently to research and discover new medicines, to accelerate the progress of clinical development, and to bring breakthrough therapies to fulfill the unmet medical needs of patients.

R&D Pipeline

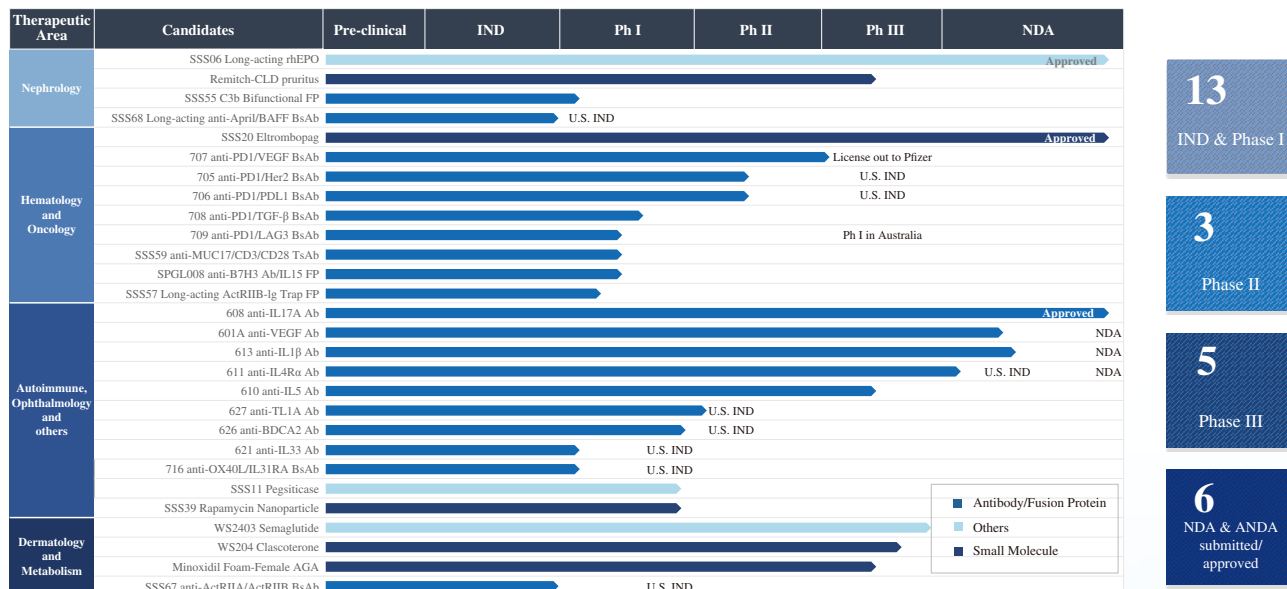
As at 31 December 2025, amongst the 27 key product candidates within the Group's active pipeline, 24 were being developed as innovative drugs in Mainland China. 19 are antibodies or fusion proteins, 3 are other biologic products, and 5 are small molecule drugs. The Group has 8 product candidates in hematology/oncology; 11 product candidates that target auto-immune diseases including plaque psoriasis, atopic dermatitis (AD), gouty arthritis, etc., ophthalmic disease (branch retinal vein occlusion ("**BRVO**")), and other diseases; 4 product candidates in nephrology; 2 product candidates in dermatology and 2 product candidates in metabolic diseases.

Notes to R&D Pipeline Chart (below):

- (1) ANDA: abbreviated NDA; and
- (2) The chart only displays the highest clinical stage of all the indications of a product candidate.
- (3) TPO-106 CLDT indication has been approved in 2025.

Management Discussion and Analysis

R&D Pipeline



Leveraging more than thirty years of experience in biopharmaceuticals R&D, the Group has deployed a number of early discovery projects in hematology, oncology and autoimmune fields, covering more than 10 innovative targets, which provide a long-term strategic reserve for the Group’s R&D pipeline.

Key Product Developments

(Unless otherwise noted, this section headed “Key Product Developments” addresses the developments in Mainland China.)

— New Drug Application

Anti-IL-17A mAb (608): 608 in patients with moderate-to-severe plaque psoriasis was approved for marketing in February 2026. The patient enrollment for the phase III clinical study of 608 for the treatment of patients with ankylosing spondylitis is ongoing. The phase II clinical trial of 608 for patients with non-radiographic axial spondylitis has been completed and achieved positive results, while the phase III clinical trial for this indication has initiated.

Eltrombopag (SSS20): SSS20 in patients with ITP and Severe Aplastic Anemia (SAA) was approved for marketing in March 2026.

NuPIAO (Lonicipoetin alfa Injection, SSS06): The NDA for SSS06 is approved for marketing by the NMPA for the treatment of adult dialysis patients undergoing erythropoietin therapy with a biweekly dosing interval. Moreover, the patient enrollment of the phase II clinical study of SSS06 targeting CIA is completed.

Management Discussion and Analysis

Anti-IL-1 β mAb (613): The NDA of 613 for the treatment of acute gouty arthritis (AG) was accepted for review in June 2025. Additionally, the phase II clinical trial treating patients in the intermittent phase of gouty arthritis (PFG) has been completed.

Anti-IL-4R α mAb (611): The NDA of 611 in adult patients with AD was accepted for review in February 2026. The phase III clinical trial for CRSwNP is ongoing. The phase II clinical trial of 611 for moderate-to-severe COPD has been completed, and the phase III clinical trial of the product is currently ongoing. Furthermore, the phase II clinical trial of 611 in adolescent AD indication has been completed with positive results, and the phase III clinical trial of the product is currently ongoing, while the patient enrollment for the phase II clinical trial for children with moderate-to-severe AD has been completed.

Anti-VEGF mAb (601A): The NDA of 601A for BRVO was accepted for review in October 2025.

— Phase III development

Anti-IL-5 mAb (610): The patient enrollment for phase III clinical trial of 610 for the treatment of severe eosinophilic asthma is currently ongoing, with phase II data indicating positive efficacy outcomes.

Semaglutide Injection (WS2403): The phase III clinical trial of the Group's collaborative product, Semaglutide Injection in weight management indication, has been completed by the Group's partner, Hybio Pharmaceutical Co., Ltd. The Group plans to submit the NDA for the product in the near future.

Clascoterone (WS204): The phase III bridging clinical trial of WS204 for treatment of moderate-to-severe acne vulgaris is ongoing.

— Phase II development

Anti-PD-1/HER2 BsAb (705): It is an anti-PD-1/HER2 BsAb independently developed by the Group. It simultaneously inhibits the PD-1/PD-L1 signaling pathway and the HER2 signaling pathway, integrating the mechanisms of action of targeted therapy and immunotherapy, thus having the potential to achieve enhanced tumor immune surveillance. The patient enrollment for the phase II clinical trial of 705 for HER-2 positive advanced solid tumors is currently ongoing in Mainland China; the IND application of 705 has been approved by the U.S. FDA.

Anti-PD-1/PD-L1 BsAb (706): It is an anti-PD-1/PD-L1 BsAb independently developed by the Group. It simultaneously targets PD-1 and PD-L1 and can effectively avoid the mismatch of BsAb with good physicochemical properties. The patient enrollment for the phase II clinical trial of 706 for advanced solid tumors is currently ongoing in Mainland China; the IND application of 706 has been approved by the U.S. FDA.

Anti-TL1A Ab (627): It is a tumor necrosis factor-like ligand 1A (TL1A) targeting mAb independently developed by Sunshine Guojian. The Group has initiated the phase II clinical trial of 627 for UC in Mainland China. The U.S. IND application for UC indication has also been approved by the U.S. FDA.

Management Discussion and Analysis

— Phase I development and new IND applications

Anti-BDCA2 Ab (626): It is an anti-blood dendritic cell antigen 2 (BDCA2) antibody independently developed by Sunshine Guojian. The Group has completed the phase Ia clinical trial of 626 with positive safety and PK/PD data in Mainland China, while patient enrollment for the phase Ib clinical trial of 626 for SLE has been completed. The U.S. IND applications for 626 for SLE and Cutaneous Lupus Erythematosus (CLE) have both been approved.

Anti-PD-1/TGF- β BsAb (708): It is an anti-PD-1/transforming growth factor β (TGF- β) BsAb independently developed by the Group. The phase I clinical trial of 708 for advanced solid tumors is currently ongoing.

Anti-PD-1/LAG3 BsAb (709): It is an anti-PD-1/lymphocyte activation gene-3 (LAG3) BsAb independently developed by the Group. The phase I clinical trial of 709 for advanced solid tumors is currently ongoing in Australia. In Mainland China, the IND application for advanced solid tumors has been approved by the CDE.

Anti-MUC17/CD3/CD28 Tri-specific Ab (SSS59): It is a recombinant human anti-Mucin 17 (MUC17)/cluster of differentiation 3(CD3)/cluster of differentiation 28 (CD28) tri-specific Ab independently developed by the Group. The phase I clinical trial of SSS59 for advanced solid tumor is currently ongoing.

Anti-B7H3 Ab/IL15R α sushi-IL15 Fusion Protein (SPGL008): SPGL008 is a bi-functional molecule in which an anti-B7H3 mAb with a novel structure and sequence is conjugated to IL-15R α sushi-IL-15. The phase I clinical trial of SPGL008 for advanced solid tumor is currently ongoing.

C3b-targeting Bi-functional Fusion Protein (SSS55): The phase I clinical trial of SSS55 for paroxysmal nocturnal hemoglobinuria (PNH) is currently ongoing.

Long-acting ActRIIB-Ig Trap (SSS57): It is an activin receptor IIB ligand trap (ActRIIB-Ig Trap) independently developed by the Group. The phase I clinical trial of SSS57 for myelodysplastic syndromes (MDS) related anemia is currently ongoing.

Rapamycin Nanoparticle (SSS39): The patient enrollment of phase I clinical trial of SSS39 is completed. Rapamycin nanoparticle is a new type of macrolide immuno-suppressant that can be co-administered with biological agents to induce immune tolerance, thereby reducing the immunogenicity of the biological agents and maintaining their efficacy.

Anti-ActRIIA/ActRIIB BsAb (SSS67): SSS67 is a tetravalent BsAb independently developed by the Group. It is able to simultaneously bind to both ActRIIA and ActRIIB receptors, thereby regulating fat metabolism and muscle synthesis pathways to achieve the dual effects of reducing fat and increasing muscle mass. The Mainland China and U.S. IND applications of SSS67 for overweight or obesity have been approved by the CDE and the FDA respectively.

Long-acting anti-April/BAFF BsAb (SSS68): SSS68 is a long-acting anti-A proliferation-inducing ligand (April)/B cell activating factor (BAFF) innovative tetravalent BsAb independently developed by the Group. The Group has submitted the Mainland China and U.S. IND application for SSS68, while the U.S. IND application for IgA nephropathy has been approved by the FDA.

Sales, Marketing and Distribution

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and the brand awareness of its products among medical experts. The Group markets and promotes its key products mainly through its in-house team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. Mandi is also sold through online stores and retail pharmacies.

As at 31 December 2025, the Group's extensive sales and distribution network in Mainland China was supported by 2,916 sales and marketing employees. During the Reporting Period, the Group's products were sold in over 3,600 Grade III hospitals and over 8,200 Grade II or lower hospitals and medical institutions across all provinces, autonomous regions and special municipalities in Mainland China. In addition, TPIAO, Yisaipu, EPIAO, SEPO and some of the Group's other products are exported to a number of countries through international promoters. During the Reporting Period, the Group's products were sold in 39 overseas markets, including Thailand, Brazil, the Philippines and Pakistan.

Outlook

The year 2025 marked the conclusion of the "14th Five-Year Plan" period. Cross-departmental coordination among drug regulatory, medical insurance, and health authorities centered on the theme of "comprehensively deepening reform in drug and medical device regulation". This involved optimizing drug evaluation and approval processes, strengthening quality management throughout the product lifecycle, and standardizing the development of cutting-edge technologies. At the end of 2025, the National Healthcare Security Administration released the new NRDL, and for the first time, established the Commercial Health Insurance Innovative Drug List. This landmark policy transcended the coverage limitations of a single basic medical insurance scheme, opening a new pathway for commercializing high-value innovative drugs.

Concurrently, 2025 emerged as a breakout year for out-licensing deals involving Chinese innovative drugs, driven by increased recognition of the quality of domestic innovation from multinational corporations. According to the latest data disclosed by the NMPA, the cumulative value of out-licensing deals for Chinese innovative drugs surpassed US\$130 billion in 2025, with total upfront payments reaching US\$7 billion across over 150 transactions. Our Group's out-licensing agreement with Pfizer for our in-house developed PD-1/VEGF bi-specific anti-body, SSGJ-707, secured front-end payments of US\$1.5 billion. Notably, the upfront payment ratio up to 24% (as a percentage of total deal value) set a new record for upfront payments in any single out-licensing transaction for Chinese innovative drugs. This also reflects the "value certainty premium" that high-quality assets developed independently by Chinese companies command, as paid by large multinational corporations.

Management Discussion and Analysis

Looking ahead to 2026, the starting year of the “15th Five-Year Plan period”, the Government Work Report at the National People’s Congress and the Chinese People’s Political Consultative Conference (NPC & CPPCC) elevated the bio-pharmaceutical industry to a new strategic height, explicitly designating it as a national “emerging pillar industry”. The report encourages government investment funds to act as “patient capital” and utilize national venture capital guidance funds to incentivize cutting-edge technology and original innovation, thereby driving the industry’s transformation from a “pharmaceutical manufacturing power” to a “pharmaceutical power house”. Currently, our Group is at a critical juncture in its development, transitioning from scale to quality and from imitation to innovation. Building on over three decades of experience, the Group will continue to uphold the principle of “integrity and innovation” and steadfastly pursue the “hard but right path”. Particularly in therapeutic areas with substantial patient needs, such as oncology, autoimmune diseases, and nephrology, the Group will leverage more abundant capital and human resources to support broader and more technologically advanced target exploration and drug development. We are dedicated to improving the efficacy and safety profiles of our innovative drugs. Regarding external collaboration, the Group will persistently implement a dual-track strategy of independent R&D and external partnerships, actively seeking global partners to jointly advance the worldwide development of our pipeline products. In the commercialization arena, we will focus on accelerating market access and academic promotion for newly approved products, including Liporaxel® (paclitaxel oral solution) and Yisaituo® (Amubita mAb). We will also proactively search for potential in-licensing opportunities with clinical value to complement our existing product portfolio, supporting the R&D and launch processes for more high-quality partnered products. Driven by the mission of making innovative biopharmaceuticals accessible, the Group will accelerate the market launch of more high-quality products to benefit patients.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group’s revenue amounted to approximately Renminbi (“RMB”) 17,695.7 million, as compared to approximately RMB9,108.0 million for the year ended 31 December 2024, representing an increase of approximately RMB8,587.7 million, or approximately 94.3%. The increase was mainly attributable to the out-license income in the licensing transaction with Pfizer in respect to the Group’s breakthrough PD-1/VEGF BsAb 707.

The Group’s out-license income was RMB9,425.9 million for the Reporting Period, while there was no such revenue for the year ended 31 December 2024. The significant increase was mainly attributable to the upfront fee and the option fee received during the Reporting Period in the licensing transaction with Pfizer for 707, majority of which was recognized as license income which significantly contributed to the Group’s revenue for the Reporting Period.

For the Reporting Period, the Group’s sales of biopharmaceuticals decreased to approximately RMB8,006.4 million, as compared to approximately RMB8,927.9 million for the year ended 31 December 2024, representing a decrease of approximately RMB921.5 million, or approximately 10.3%. The decrease was primarily attributable to the price reductions from volume-based procurement and the impact of healthcare insurance policies.

For the Reporting Period, the Group’s revenue from CDMO business increased to approximately RMB263.5 million, as compared to approximately RMB180.1 million for the year ended 31 December 2024, representing an increase of approximately RMB83.4 million, or approximately 46.3%. The increase was mainly attributable to the increased CDMO orders from customers.

Cost of Sales

The Group's cost of sales increased from approximately RMB1,279.6 million for the year ended 31 December 2024 to approximately RMB1,348.4 million for the Reporting Period, which accounted for approximately 7.6% of the Group's total revenue for the same period. The increase in the Group's cost of sales was due to the increased production costs related to 707 for the Reporting Period.

Gross Profit

For the Reporting Period, the Group's gross profit increased to approximately RMB16,347.3 million, as compared to approximately RMB7,828.4 million for the year ended 31 December 2024, representing an increase of approximately RMB8,518.9 million, or approximately 108.8%. The increase in the Group's gross profit was broadly in line with its revenue growth during the year. The Group's gross profit margin increased to approximately 92.4% for the year ended 31 December 2025 from approximately 86.0% for the corresponding period in 2024.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income, fair value changes on financial assets at fair value through profit or loss ("FVTPL"), net foreign exchange differences, and other miscellaneous income. For the Reporting Period, the Group's other income and gains increased to approximately RMB488.8 million, as compared to approximately RMB4.7 million for the year ended 31 December 2024, representing an increase of approximately RMB484.1 million. The increase was mainly attributable to the fair value changes on financial assets at FVTPL and the increase in interest income, which was partially offset by foreign exchange loss in 2025, as compared to 2024.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff costs, transportation expenses, consulting fees and other miscellaneous selling and distribution expenses. For the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB3,630.9 million, as compared to approximately RMB3,351.3 million for the year ended 31 December 2024, representing an increase of approximately RMB279.6 million, or approximately 8.3%. The increase was mainly due to the deal expenditures related to the 707 transaction. In terms of the percentage of revenue, the Group's selling and distribution expenses represented approximately 20.5% for the Reporting Period as compared to approximately 36.8% for the year ended 31 December 2024.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses consisted of staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation, and other miscellaneous administrative expenses. For the Reporting Period, the Group's administrative expenses amounted to approximately RMB651.2 million, as compared to approximately RMB501.9 million for the year ended 31 December 2024, representing an increase of approximately RMB149.3 million, or approximately 29.7%. The increase was mainly attributable to the increased share-based compensation. The administrative expenses as a percentage of revenue was approximately 3.7% for the Reporting Period, as compared to approximately 5.5% for the corresponding period in 2024.

R&D Costs

The Group's R&D costs primarily consisted of staff costs, materials consumption, clinical trials costs, depreciation and amortization, and other miscellaneous R&D expenses. For the Reporting Period, the Group's R&D costs amounted to approximately RMB1,520.4 million, as compared to approximately RMB1,326.5 million for the year ended 31 December 2024, representing an increase of approximately RMB193.9 million, or approximately 14.6%. The increase was mainly due to the speed-up of the Group's R&D projects. The R&D costs as a percentage of revenue was approximately 8.6% for the Reporting Period, as compared to approximately 14.6% for the corresponding period in 2024.

Other Expenses

The Group's other expenses primarily consisted of donation expenses, provisions for impairment of other intangible assets, loss on disposal of items of property, plant and equipment, and other miscellaneous expenses. For the Reporting Period, the Group's other expenses amounted to approximately RMB107.6 million, as compared to approximately RMB93.3 million for the year ended 31 December 2024, representing an increase of approximately RMB14.3 million, or approximately 15.3%.

Finance Costs

For the Reporting Period, the Group's finance costs amounted to approximately RMB76.4 million, as compared to approximately RMB190.8 million for the year ended 31 December 2024, representing a decrease of approximately RMB114.4 million, or approximately 60.0%. The decrease was primarily attributable to a timing difference in the borrowing structure.

Income Tax Expense

For the Reporting Period, the Group's income tax expense amounted to approximately RMB1,652.0 million, as compared to approximately RMB500.5 million for the year ended 31 December 2024, representing an increase of approximately RMB1,151.5 million, or approximately 230.1%. The effective tax rates for the Reporting Period and the corresponding period in 2024 were approximately 15.4% and 18.4%, respectively.

EBITDA and Net Profit Attributable to Owners of the Parent

The EBITDA for the Reporting Period increased by approximately RMB7,889.6 million or approximately 248.6% to approximately RMB11,063.4 million, as compared to approximately RMB3,173.8 million for the year ended 31 December 2024. The EBITDA adjusted for non-operating items is defined as the EBITDA for the period excluding, as applicable (such excluded items, as applicable, “**Excluded Items**”): a) the expenses associated with the awarded shares granted by 3SBio in September 2024; b) the expenses associated with the awarded shares granted by Mandi Inc. in October 2025; c) the expenses associated with the awarded shares granted under a restricted share incentive plan by Sunshine Guojian in July 2024; d) the expenses associated with the awarded shares granted under a restricted share incentive plan by Sunshine Guojian in June 2025; e) fair value gains on derivative financial instruments; f) fair value gains or losses on financial assets at FVTPL; and g) non-operating foreign exchange differences. The Group’s EBITDA adjusted for non-operating items for the Reporting Period increased by approximately RMB7,633.1 million or approximately 224.4% to approximately RMB11,035.4 million, as compared to approximately RMB3,402.3 million for the year ended 31 December 2024.

The net profit attributable to owners of the parent for the Reporting Period was approximately RMB8,482.2 million, as compared to approximately RMB2,090.3 million for the year ended 31 December 2024, representing an increase of approximately RMB6,391.9 million, or approximately 305.8%. The net profit attributable to owners of the parent adjusted for non-operating items is defined as the profit attributable to owners of the parent for the period excluding, as applicable, the Excluded Items. The Group’s net profit attributable to owners of the parent adjusted for non-operating items for the Reporting Period was approximately RMB8,454.2 million, as compared to approximately RMB2,318.8 million for the year ended 31 December 2024, representing an increase of approximately RMB6,135.4 million, or approximately 264.6%.

Earnings Per Share

The basic earnings per share for the Reporting Period was approximately RMB3.51 as compared to approximately RMB0.86 for the year ended 31 December 2024, representing an increase of approximately 308.1%.

Financial Assets Measured at Fair Value

As at 31 December 2025, financial assets measured at fair value primarily comprised the investment in treasury or cash management products issued by certain banks, the investment in listed companies and the investments in private equity funds which focus on the healthcare industry.

The treasury or cash management products subscribed by the Group for treasury management purposes from time to time during the Reporting Period included wealth management products offered by various independent commercial banks. For further information, please refer to the section headed “Management Discussion and Analysis – Liquidity, Financial and Capital Resources – Significant Investments Held” in this report, which relates to the Group’s subscriptions from certain independent commercial banks.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group's liquidity remained strong. For the Reporting Period, the Group's operating activities generated a net cash inflow of approximately RMB9,668.9 million, as compared to approximately RMB3,201.3 million for the year ended 31 December 2024, representing an increase of approximately RMB6,467.6 million or approximately 202.0%. The increase was mainly attributable to the increased cash inflow from the operating activities of the Group. As at 31 December 2025, the Group's cash and cash equivalents, non-pledged time deposits and pledged deposits were approximately RMB15,860.9 million.

Net Current Assets

As at 31 December 2025, the Group had net current assets of approximately RMB18,255.1 million, as compared to net current assets of approximately RMB3,883.4 million as at 31 December 2024. The current ratio of the Group was approximately 5.1 as at 31 December 2025, as compared to approximately 1.7 at 31 December 2024. The increase in net current assets and current ratio was attributable to the increase in cash and cash equivalents.

Funding and Treasury Policies, Borrowing and Pledge of Assets

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek ways to improve the return of the equity and assets while maintaining a prudent funding and treasury policy.

As at 31 December 2025, the Group had an aggregate interest-bearing bank borrowing of approximately RMB2,553.9 million, as compared to approximately RMB2,281.4 million as at 31 December 2024. The increase in bank borrowings primarily reflected the additional of bank loans of approximately RMB3,342.7 million, which was partially offset by the repayment of bank loans of approximately RMB3,094.7 million in 2025. Among the short-term deposits, none was pledged to secure the aforementioned bank loans as at 31 December 2025.

As at 31 December 2025, the Group had no outstanding unsecured non-listed bonds in an aggregate amount of RMB1,200,000,000 (the "Panda Bonds"), as compared to approximately RMB1,226.1 million as at 31 December 2024. For more information on the Group's Panda Bonds, please refer to Note 32 "BONDS PAYABLE" to the Group's consolidated financial statements for the Reporting Period in this annual report.

Gearing Ratio

The gearing ratio of the Group, which was calculated by dividing the total borrowings, lease liabilities, financial liabilities and bonds by the total equity, decreased to approximately 9.8% as at 31 December 2025 from approximately 19.7% as at 31 December 2024. The decrease was primarily due to the repayment of the outstanding Panda Bonds and the increase in total equity during the Reporting Period.

Charge on Assets

As at 31 December 2025, the Group had charge on assets of approximately RMB34.4 million (31 December 2024: RMB33.2 million).

Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

Contractual Obligations

The Group's capital commitment amounted to approximately RMB151.6 million as at 31 December 2025, as compared to approximately RMB901.9 million as at 31 December 2024.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in Mainland China, with all material aspects of its regular business conducted in Renminbi other than: (i) the operations of Sirton; and (ii) the Group's exports, which amounted to approximately RMB122.7 million, or approximately 0.7% of the Group's revenue, for the Reporting Period. Except for the operations of Sirton, the Group's exports, possible international deal expenditures (such as the 707 transaction expenditures, and expenditures related to other international licensing and acquisitions), and foreign currency denominated bank borrowings and bank deposits, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 31 December 2025, the Group's foreign currency denominated bank deposits primarily comprised: (i) approximately USD1,416.3 million (equivalent to approximately RMB9,954.9 million); (ii) approximately HKD2,092.6 million (equivalent to approximately RMB1,890.0 million); (iii) approximately Euro15.3 million (equivalent to approximately RMB125.9 million); (iv) approximately CHF120.0 million (equivalent to approximately RMB1,062.2 million); and (v) approximately SGD0.2 million (equivalent to approximately RMB1.1 million). The Group expects that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group in the foreseeable future.

Significant Acquisitions and Disposals

During the Reporting Period, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures.

Management Discussion and Analysis

Significant Investments Held

As at 31 December 2025, the Group did not hold any significant investments. As at 31 December 2025, the Group held (i) equity investments designated at fair value through other comprehensive income of approximately RMB774.9 million; and (ii) wealth management products issued by various independent commercial banks, which were classified as financial assets at FVTPL, together with derivative financial instruments, of approximately RMB3,857.7 million. None of such investments, whether held in any entities, or any products issued by the same commercial bank or group of commercial banks, individually or in aggregate, represented 5% or more of the total assets of the Group as at 31 December 2025.

Future Plans for Material Investments or Capital Assets

The Group estimates that its total capital expenditure over the next three years will range from RMB1,200 million to RMB1,500 million. These expected capital expenditures will primarily be incurred for the maintenance of the Group's existing facilities and the expansion of its production capabilities. The Group expects to finance its capital expenditures through a combination of internally generated funds and bank borrowings.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2025, the Group employed a total of 6,109 employees, as compared to a total of 5,577 employees as at 31 December 2024. Staff costs, including Directors' emoluments but excluding any contributions to the pension scheme, were approximately RMB1,723.7 million for the Reporting Period, as compared to approximately RMB1,469.8 million for the corresponding period in 2024. The Group generally structures its employees' remuneration package to include salary, bonus and allowance elements. The compensation programs are designed to remunerate and reward the employees based on their performance, measured against specified objective criteria. The Group also provides welfare benefits in accordance with applicable regulations and its internal policies. Following the expiry of a share option scheme (adopted by the Company in May 2015) ("**2015 Option Scheme**") and the termination of a share award scheme (adopted by the Company in July 2019) ("**2019 Share Award Scheme**"), the Company has adopted a new share award scheme ("**2025 Share Award Scheme**") and a new share option scheme ("**2025 Option Scheme**") in June 2025 (collectively, the "**2025 Share Schemes**"); and there are other incentive initiatives such as cash awards, all of which are for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In addition, Sunshine Guojian has adopted two restricted share incentive plans respectively in February 2021 and in July 2024, and Mandi Inc. has adopted an Equity Incentive Plan in October 2025, and there is also a gratuitous incentive scheme set up by founding and management members of the Group that serves to recognise employees' contributions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in a highly competitive environment, and it may not be able to compete effectively against current and future competitors.

The Group operates in a highly competitive environment. The Group may not be able to compete effectively against current and future competitors. The Group's products compete with other products or treatments for diseases for which the Group's products may be indicated. The biotechnology and pharmaceutical industries are characterized by rapid changes in technology, constant enhancement of industrial know-how and frequent emergence of new products. Many of the Group's competitors, including foreign pharmaceutical companies and large state-owned pharmaceutical companies, may have substantially greater clinical, research, regulatory, manufacturing, marketing, financial and human resources than the Group has.

If the Group's products are excluded or removed from the national medical insurance catalogue or the insurance pay prices are adjusted, the Group's sales, profitability and business prospects could be adversely affected.

As at the date of this annual report, of the Group's key products, TPIAO, EPIAO and SEPO, Yisaipu and Cipterbin, as well as certain other products including Remitch, Sparin, etc., are listed on the NRDL.

The selection of pharmaceutical products for listing in the national medical insurance catalogue is based on a variety of factors, including clinical needs, use frequency, efficacy and price, many of which are outside of the Group's control. Moreover, the relevant PRC government authorities may also, from time to time, review and revise the scope of reimbursement for the products that are already listed in the national medical insurance catalogue. There can be no assurance that any of the Group's products currently listed in the national medical insurance catalogue will remain listed, or that changes in the scope or price of reimbursement will not negatively affect the Group's products. If any of the Group's products are removed from the national medical insurance catalogue, or if the scope or price of reimbursement is reduced, demand for the Group's products may decrease and the Group's revenue and profitability could be adversely affected. Furthermore, if the Group is unable to list new products in the national medical insurance catalogue, or add new indications to the Group's currently listed products, the Group's business prospects could be adversely affected.

Management Discussion and Analysis

If the Group is unable to win bids to sell the Group's products to PRC hospitals in the provincial tendering process, it may lose market share and the Group's revenue and profitability could be adversely affected.

In each province where the Group markets its products, it is required to participate in a government-sponsored competitive bidding process every year or every few years. During the provincial tendering process, the Group and its competitors submit pricing and other product information to local government agencies for selection, which usually is based on the bid price, clinical effectiveness and quality of each product and the reputation of the bidder. For each product category, the local government agencies will permit a limited number of products for sale in the relevant province or local district.

The Group may fail to win bids in a provincial tendering process due to various factors, including reduced demand for the relevant product, uncompetitive bidding price or local protectionism. The Group may also win bids at low prices that will limit the Group's profit margins. There can be no assurance that the Group's bids will enable it to win in the tendering process and maintain the Group's market share without compromising the Group's profitability. In addition, the Group may lose in the tendering process due to the relevant product being perceived to be less clinically effective than competing products or the Group's services or other aspects of the Group's operations being perceived to be less competitive.

Under the current centralized government procurement regime, the prices of the Group's products that may participate in the centralized procurement may drop significantly, or the procurement quantities of such products may be reduced by medical institutions. If such adverse events materialize, the sales revenue and profits of these products may decline.

Pursuant to the current centralized procurement government policies, more provinces in the PRC are likely to conduct drug price negotiations aggressively. It is expected that compared with the original drug prices, the bidding prices would decline substantially in centralized procurement. In many provinces, the prices of the Group's products in centralized procurement may drop significantly, or the procurement quantities of such products may be reduced by medical institutions. If such adverse events materialize, the sales revenue and profits of these products may decline, and the Group's revenue, profitability and business prospects could be adversely affected.

If the Group fails to develop and commercialize new pharmaceutical products, its business prospects could be adversely affected.

The Group's long-term competitiveness depends on its ability to enhance its existing products and to develop and commercialize new biotechnology and other pharmaceutical products through its research and development activities. The development process of pharmaceutical products in general, and biopharmaceuticals in particular, is time-consuming and costly, and there can be no assurance that the Group's research and development activities will enable it to successfully develop new pharmaceutical products. Since relatively few research and development programs in the pharmaceutical industry produce a commercially viable product, a product candidate that appears promising in the early phases of development may fail to reach the market for a number of reasons, such as:

- the failure to demonstrate safety and efficacy in preclinical and clinical trials;
- the failure to obtain approvals for its intended indications from relevant regulatory bodies, such as the NMPA;
- the Group's inability to manufacture and commercialize sufficient quantities of the product economically; and
- proprietary rights, such as patent rights, held by others related to the Group's product candidate and their refusal to sell or license such rights to the Group on reasonable terms, or at all.

New pharmaceutical products must be approved by the NMPA before they can be marketed and sold in Mainland China. The NMPA requires successful completion of clinical trials and demonstration of manufacturing capability before granting approval. Clinical trials are expensive and their results are uncertain. It often takes multiple years before a medicine can be ultimately approved by the NMPA. In addition, the NMPA and other regulatory authorities may apply new standards for safety, manufacturing, packaging, and distribution of future product candidates. Complying with such standards may be time-consuming and expensive and could result in delays in obtaining NMPA approval for the Group's product candidates, or possibly preclude the Group from obtaining NMPA approval. Furthermore, the Group's future products may not be effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude the Group from obtaining regulatory approval or prevent or limit their commercial use. Even if the Group does obtain regulatory approvals, the process may take longer than expected or desired. Additionally, such approvals may be subject to limitations on the indicated uses for which the Group may market the relevant product, therefore restricting its market size.

The Group has formed collaborative relationships with certain research institutes and companies to benefit from their expertise and resources in developing new and competitive products. However, there can be no assurance that the Group will be able to maintain such relationship or enter into new relationships. Any deterioration in the Group's existing relationships or failure to enter into new relationships with suitable research partners on commercially acceptable terms may have an adverse impact on the Group's ability to successfully develop new products, which in turn could adversely affect the Group's business, its results of operations and growth prospects.

Management Discussion and Analysis

If the Group's employees, distributors or third-party promoters engage in corrupt practices or inappropriate promotion of the Group's products, the Group's reputation could be harmed and the Group could be exposed to regulatory investigations, costs and liabilities.

The Group does not fully control the interactions between its employees, distributors and third-party promoters with hospitals, medical institutions and doctors, and they may try to increase sales volumes of the Group's products through means that constitute violations of the PRC anti-corruption, anti-bribery and other related laws. If the Group's employees, distributors or third-party promoters engage in corruption or other improper conduct that results in violation of applicable anti-corruption or anti-bribery laws in the PRC or other jurisdictions, the Group's reputation could be harmed and the Group could be exposed to regulatory investigations and penalties, including being excluded from procurement by public hospitals and other public medical institutions in the PRC.

The Group may pursue collaborations, licensing arrangements, partnerships, joint ventures, strategic alliances, acquisitions, or other strategic investments or arrangements, which may fail to produce anticipated benefits and may adversely affect the Group's business.

The Group continually pursues opportunities for acquisitions of products, assets or technologies, collaboration, licensing, joint ventures, strategic alliances, or partnerships that the Group believes would be complementary to or promote its existing business. Proposing, negotiating, implementing and executing on these opportunities may be a lengthy and complex process. Other companies, including those with substantially greater financial, marketing, sales, technology, or other business resources, may compete with the Group for these opportunities or arrangements. The Group may not be able to identify or complete any such transactions or arrangements in a timely manner, on a cost-effective basis, on acceptable terms, or at all.

The Group has limited experience with respect to these business development activities. Management and integration of acquisition, licensing arrangement, collaboration, joint venture or other strategic arrangement may disrupt the Group's current operations, decrease the Group's profitability, result in significant expenses, or divert management resources that otherwise would be available for the Group's existing business. The Group may not realize the anticipated benefits of any such transaction or arrangement.

Furthermore, partners, collaborators or other parties to such transactions or arrangements may fail to fully perform their obligations or meet the Group's expectations or cooperate with the Group satisfactorily for various reasons, including risks or issues related to their business and operations. There may be conflicts or other collaboration failures and inefficiencies between the Group and other parties.

Such transactions or arrangements may also require actions, consents, approvals, waivers, participation or involvement of various degrees from third parties, such as regulators, government authorities, creditors, licensors or licensees, related individuals, suppliers, distributors, shareholders or other stakeholders or interested parties. The Group may not obtain the required or desired actions, consent, approval, waiver, participation or involvement on a timely basis, on acceptable terms, or at all.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. LOU Jing, aged 63, was appointed as a Director on 5 September 2006 and was re-designated as an executive Director on 27 November 2014. He was appointed as the chairman of the Board on 1 April 2012. Dr. Lou is also the chief executive officer and president of the Company. He is responsible for the strategic development and planning, overall operational management and major decision making of the Group. He is a co-founder of the Group and joined Shenyang Sunshine as a director of R&D in September 1995.

Dr. Lou also holds the following positions with other members of the Group:

- 1) director and chairman of the board of Collected Mind Limited (集思有限公司, “**Collected Mind**”);
- 2) director of Hongkong Sansheng Medical Limited (“**Hongkong Sansheng**”);
- 3) director of Excel Partner Holdings Limited (特隆控股有限公司, “**Excel Partner**”);
- 4) director of Ample Harvest Investments Limited (溢豐投資有限公司, “**Ample Harvest**”);
- 5) director, chief executive officer and president of Shenyang Sunshine and chairman of the board of Shenyang Sunshine;
- 6) director and chairman of the board of Taizhou Huan Sheng Consulting Management Company Limited (泰州環晟諮詢管理有限公司, “**Taizhou Huan Sheng**”);
- 7) executive director of Shenzhen Baishitong Technology Development Company Limited (深圳市百士通科技開發有限公司, “**Shenzhen Baishitong**”);
- 8) chairman of the board of Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. (“**Sciprogen**”);
- 9) chairman of the board of Guangdong Sunshine Pharmaceutical Co., Ltd. (廣東三生製藥有限公司, “**Guangdong Sunshine**”);
- 10) director and chairman of the board of Desen Biologics;
- 11) director of Gains Prestige Limited (澤威有限公司, “**Gains Prestige**”);
- 12) director of Strategic International Group Limited (“**Strategic International**”);
- 13) director and chairman of the board of Sunshine Guojian;

Directors and Senior Management

- 14) director and chairman of the board of Shanghai Xingsheng Pharmaceutical Company Limited (“**Xing Sheng**”);
- 15) executive director of Shanghai An Ran Biotech Co. Ltd.;
- 16) executive director of Sunshine Guojian Pharmaceuticals (Suzhou) Co. Ltd.;
- 17) director of Full Gain Pharmaceutical Limited;
- 18) director of Shanghai National Engineering Research Center of Antibody Medicine Co. Ltd.;
- 19) chairman of the board of Xinyisheng (Hainan) Commercial Factoring Co., Ltd.;
- 20) director of 3SBio (Hongkong) Limited;
- 21) director of Mandi Inc.;
- 22) director of Sunshine Mandi Limited;
- 23) director of Mibio Pte. Ltd.; and
- 24) director of 3SBio IE Limited.

Dr. Lou has been highly active in pharmaceutical research and has made substantial contribution to the Group’s R&D of pharmaceutical products. Dr. Lou was the leading scientist and principal investigator in the Group’s successful development of EPIAO and TPIAO. He co-invented a “preparation process for recombinant human thrombopoietin” and a “method for improving the stability of polypeptides in human bodies and its application” in 2000 and 2001, respectively. He has published in a number of academic journals on microbiology and medicinal biotechnology. His research has been recognized with various awards. In 2006, he was awarded the “First Prize of Shenyang Science and Technology Progress Award” (瀋陽市科學技術進步一等獎) for his research on recombinant human thrombopoietin. In 2007, he was awarded the “Third Prize of Liaoning Province Scientific and Technological Achievements” (遼寧省科技成果轉化三等獎) for his contribution to the industrialization of production of recombinant human thrombopoietin. In 2017, he was awarded “Liaoning Province Outstanding Entrepreneur” and “Friendship Award of Liaoning Province”. In 2022, he received the 15th “Tan Jia Zhen Life Sciences Award.” Dr. Lou obtained a Bachelor of Medicine degree in clinical medicine from Shanghai Second Military Medical University in July 1985. He conducted post-doctoral research at the National Institutes of Health of the U.S. after obtaining a Ph.D. degree in molecular and cell biology from Fordham University in the U.S. in February 1994. He also obtained an Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in September 2008.

Directors and Senior Management

Ms. SU Dongmei, aged 56, was appointed as a Director on 11 June 2012 and was re-designated as an executive Director on 27 November 2014. Ms. Su is also the Company's senior vice president and the general manager of Shenyang Sunshine. She is responsible for strategic direction of the Group. Ms. Su joined Shenyang Sunshine as a scientist of the R&D department in January 1993, and served as a director of the R&D department from 1997 to 2006. She subsequently served as the chief technology officer responsible for R&D and manufacturing process engineering of Shenyang Sunshine from 2006 to 2008. Ms. Su was promoted to vice president of Shenyang Sunshine in April 2008. Ms. Su served as a director of Shenyang Sunshine from August 2007 to June 2013, and was re-appointed on 18 July 2016. She also served as a director of Hongkong Sansheng from November 2009 to November 2014.

Ms. Su also holds the following positions with other members of the Group:

- (i) senior vice president of Shenyang Sunshine;
- (ii) supervisor of Liaoning Sunshine Bio-Pharmaceutical Company Limited (遼寧三生醫藥有限公司);
- (iii) director of Sciprogen;
- (iv) director of Guangdong Sunshine;
- (v) director of Strategic International;
- (vi) executive director of Shenyang Jiasheng Agriculture Technology Co., Ltd. (瀋陽嘉生農業科技有限責任公司);
- (vii) director of Sunshine Guojian;
- (viii) executive director of Shanghai Bo Ai Ke Biotech Co. Ltd.;
- (ix) trustee of Shanghai Sunshine Guojian Biotech Research Institute;
- (x) director of Desen Biologics;
- (xi) director of Taizhou Huan Sheng; and
- (xii) supervisor of Liaoning Sunshine Technology Development Co., Ltd (遼寧三生科技發展有限公司).

Ms. Su obtained a Bachelor's degree in Biochemistry from Jilin University (吉林大學) in July 1992 and a Master's and a Doctorate degree in Microbiology and Pharmacology from Shenyang Pharmaceutical University (瀋陽藥科大學) in June 2001 and July 2010, respectively. She has published in a number of academic journals on microbiology and medicinal biotechnology.

Directors and Senior Management

Non-executive Director

Ms. ZHANG Jiaoe, aged 63, has been appointed as a non-executive Director on 25 June 2024. Ms. ZHANG has extensive experience in the field of medicine and pharmaceuticals. She worked as a research assistant in the Military Medical Research Institute of the Logistics Department of the Shenyang Military Region (瀋陽軍區後勤部軍事醫學研究所) from August 1987 to December 1990. In January 1993, Ms. ZHANG joined Shenyang Sunshine and has held various positions within the Group ever since. She served as a manager at Shenyang Sunshine from July 1993 to December 2001 and was appointed as the deputy factory director and head of the foreign cooperation department in January 2002 and May 2011, respectively. In March 2016, Ms. ZHANG became the assistant to the general manager of Shenyang Sunshine. Currently, she is a supervisor of each of Desen Biologics and Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. (“**Sunshine Mandi**”).

Ms. ZHANG obtained a bachelor’s degree from the China Pharmaceutical University (中國藥科大學) in July 1987 and earned her qualifications as a chief pharmacist from the Human Resources Security Department of Liaoning Province (遼寧省人力資源和社會保障廳) in September 2010.

Independent Non-executive Directors

Mr. PU Tianruo, aged 58, was appointed as an independent non-executive Director on 23 May 2015, with such appointment taking effect on 1 June 2015. Previously, he served as an independent Director and the audit committee chair of the Company from 1 September 2012 to 29 May 2013.

Mr. Pu has substantial experience in accounting and finance. He serves as an independent non-executive director of Autohome Inc. (NYSE: ATHM; HKEx stock code: 2518) since December 2016. He also served as an independent non-executive director of One Connect Financial Technology (formerly (*as delisted 2025), NYSE: OCFT, and HKEx stock code: 06638) from 2019 to 2025 and AnPac Bio-Medical Science Co., Ltd. (formerly (*as delisted 2024) Nasdaq: FRES) from 2022 to 2025. He was previously the chief financial officer of Zhaopin Ltd. (previously NYSE: ZPIN). Mr. Pu obtained a Bachelor’s degree in English Language from China Foreign Affairs University (外交學院) in July 1991, a Master of Science degree in Accounting from the University of Illinois, College of Business Administration in May 1996 and an MBA degree from Northwestern University Kellogg School of Management in the U.S. in June 2000.

Ms. YANG Hoi Ti Heidi (楊凱蒂), aged 56, was appointed as an independent non-executive Director on 29 June 2021. Ms. Yang had been the Global Managing Director, Asian and World Art at Christie’s Hong Kong Limited from January 2021 to 2025. She had served as a member of the Listing Committee of the HKEx from July 2019 to July 2021. Prior to joining Christie’s Hong Kong Limited, Ms. Yang had over 28 years of experience in the financial sector and had held the positions of Managing Director and Head of Corporate Advisory Group, Asia Pacific at Deutsche Bank Asia Limited, Managing Director and Head of Corporate Finance Group at UBS Investment Bank Asia, and Analyst, Associate and Vice President at Morgan Stanley Asia Limited. Ms. Yang holds a Bachelor of Arts degree majoring in economics from Columbia University, New York.

Directors and Senior Management

Mr. NG Joo Yeow Gerry (黃祖耀), aged 61, was appointed as an independent non-executive Director on 21 January 2022. He has substantial experience in corporate planning, business expansion and development as well as cross-border management, particular in the investment management business in the Asian region. Mr. Ng has been an independent non-executive director of AIA Company (Trustee) Limited, a subsidiary of AIA Group Limited (HKEx stock code: 1299), since August 2021, for its pension fund business in Hong Kong. He had served as the Chief Executive Officer, Asia ex Japan of Baring Asset Management (Asia) Limited ("**Baring Asset Management**") up to December 2019, having been appointed as Managing Director of Baring Asset Management in December 2004. During his time at Baring Asset Management, Mr. Ng managed and had oversight of different offices in the Asian region including those in Shanghai, Hong Kong, Taipei and Seoul, and was responsible for the business management of a substantial book of business in retail mutual funds and institutional client assets. Mr. Ng has also had ample and broad range of experience working with key sovereign wealth funds, large institutions and regulators in the region. Prior to joining Baring Asset Management, Mr. Ng was employed by JF Asset Management Limited (now JP Morgan Asset Management (Asia Pacific) Limited) from May 1992 to November 2004. During this period, he held various positions including Head of Asian Institutional Clients and Finance Director (JF Unit Trusts), and had focused on sales, business development and client servicing in the Asian region. Mr. Ng had also worked at Price Waterhouse (now PricewaterhouseCoopers) in both London and Hong Kong from September 1986 to April 1992 with his last role serving as an Audit Manager in the Hong Kong office.

Mr. Ng is a Senior Fellow of the Hong Kong Securities and Investment Institute and has also previously held many respectable and prestigious positions in different professional and regulatory bodies, including formerly being a Member of the Securities and Futures Appeals Tribunal, the Chairman and Executive Committee Member of Hong Kong Investment Funds Association, a Panel Member of the Mandatory Provident Fund Schemes Appeal Board, and a Member of Hong Kong Trade Development Council Financial Services Advisory Committee.

Mr. Ng holds a Bachelor of Science degree (with first class honours) majoring in civil engineering from Imperial College, London. He is also a Chartered Accountant (England and Wales) and Certified Public Accountant (Hong Kong).

Directors and Senior Management

SENIOR MANAGEMENT

The senior management of the Company comprises the executive Directors and the following persons:

Mr. HE Xiang (何翔), aged 42, has served as the chief financial officer of the Company since July 2023. Previously he worked at Citigroup and J.P. Morgan investment banking in their Beijing, Shanghai, New York and Hong Kong offices for 15 years. During his tenure at J.P. Morgan, he held different roles including the Head of Corporate Finance and the Head of Financial Institutions for China. Mr. He graduated from the Guanghua School of Management of Peking University with a Master's degree in Finance in 2008.

Ms. LIU Yanli (劉彥麗), aged 45, has served as a director and the general manager of Sunshine Guojian since September 2022 and September 2023, respectively. She was the secretary to the board of directors of Sunshine Guojian from June 2019 to January 2025. She was also the joint company secretary of the Company from April 2016 to October 2019, responsible for overseeing capital market, corporate governance, legal and public relation matters of the Group. Ms. Liu has served as a director of Hongkong Sansheng since November 2014. Ms. Liu first joined Shenyang Sunshine in January 2007. Ms. Liu obtained a Bachelor's degree in Biochemistry and a Master's degree in Chemistry with Entrepreneurship from the University of Nottingham in July 2004 and December 2006, respectively.

Mr. JIN Zheng (靳征), aged 45, has served as the general manager of Shenyang Sunshine since 2021, and has served as a director of Shenyang Sunshine and Liaoning Sunshine since 2024. He served as an executive deputy general manager and R&D director of Shenyang Sunshine from August 2019 to November 2021. Before that, he served as a project manager of Shenyang Sunshine from March 2010 to March 2013, as a R&D manager of Shenyang Sunshine from March 2013 to March 2015, and as the R&D director of Shenyang Sunshine from March 2015 to July 2019. Mr. Jin obtained a Bachelor's degree in Biological Engineering from Shanghai Jiao Tong University in July 2004. He obtained a Master's degree in Applied Biotechnology in September 2005, and a Doctorate degree in Pharmacy in July 2010, both from the University of Nottingham in the U.K..

Mr. YU An (于桢), aged 43, has served as the general manager and an executive director of Sunshine Mandi since 2021, and as a director of Mandi Inc. since October 2025. He is also the general manager and an executive director of Hangzhou Mandi Pharmacy Co., LTD. and Sunshine Mandi (Hangzhou) Information Technology Co., Ltd. He served as the general manager and an executive director of Hangzhou Mandi Hua Fa Clinic Co., LTD. from March 2023 to December 2024. He served as the sales director of the northern region of Sunshine Guojian from August 2017 to June 2020. Prior to that, he worked at several foreign pharmaceutical companies, including Pfizer, Bayer, Roche and Janssen from July 2007 to July 2017. Mr. Yu obtained a Master's degree in Biochemistry and Molecular Biology from Northwest University in July 2007.

Report of Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 9 August 2006 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's Shares were listed on the Main Board of the HKEx on 11 June 2015 (the "**Listing Date**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in the development, production, marketing and sale of biopharmaceutical products in the PRC. Analysis of the principal activities of the Group during the Reporting Period is set out in the note 1 "CORPORATE AND GROUP INFORMATION" to the consolidated financial statements.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss on page 88 of this annual report.

FINAL DIVIDEND

The Board resolved to declare a final dividend of HKD25 cents per share for the year ended 31 December 2025 (2024: HKD25 cents) to those shareholders whose names appeared on the register of members of the Company on Monday, 27 July 2026, which will be paid out of the Company's share premium account. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("**AGM**"), the final dividend will be paid in cash on or around Tuesday, 4 August 2026.

Furthermore, the Board also declared a conditional special dividend out of the share premium account of the Company to be implemented by way of a distribution in specie of all of the Mandi Shares held by the Company immediately before the completion of the Proposed Spin-off to qualifying shareholders in proportion to their respective shareholding interest in the Company on the record date to be determined by the Board. Please refer to the announcement and the circular of the Company dated 30 March 2026 and 1 April 2026, respectively, for further details.

BUSINESS REVIEW

A review of the business of the Group, a discussion on the Group's prospects and the principal risks and uncertainties and an analysis of the Group's performance during the Reporting Period using financial key performance indicators are provided in the section headed "Management Discussion and Analysis" on pages 9 to 32. In addition, discussions on the Group's relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are located respectively in the paragraph headed "Relationship with Stakeholders" and the paragraph headed "Compliance with Laws and Regulations" on pages 62 to 63 of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years, as extracted from the audited financial statements, are set out on page 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, the Group's sales to its five largest customers accounted for approximately 60.5% (2024: 14.0%) of the Group's total revenue and the Group's single largest customer accounted for approximately 53.7% (2024: 3.8%) of the Group's total revenue.

Major Suppliers

For the Reporting Period, the Group's five largest suppliers accounted for approximately 20.3% (2024: 18.4%) of the Group's total purchases and the Group's single largest supplier accounted for approximately 6.4% (2024: 4.6%) of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 14 "PROPERTY, PLANT AND EQUIPMENT" to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 35 "SHARE CAPITAL" to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "**Articles of Association**") and there are no statutory pre-emptive rights under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

2015 Option Scheme

Details of the 2015 Option Scheme, including information regarding the outstanding options granted under it, are set out in the section headed "2015 OPTION SCHEME" in this Report of Directors. The 2015 Option Scheme expired on 23 May 2025, however the outstanding options granted under it continue to be subject to its provisions.

2019 Share Award Scheme

Details of the 2019 Share Award Scheme, including information regarding the awarded Shares granted under it, are set out in the section headed "2019 SHARE AWARD SCHEME" in this Report of Directors. As approved by the shareholders on 25 June 2025, the Company terminated the 2019 Share Award Scheme. Nevertheless, under the terms of the 2019 Share Award Scheme, such termination does not affect any subsisting rights of any selected participant who is a grantee of awarded Shares under the scheme.

2025 Option Scheme

Details of the 2025 Option Scheme are set out in the section headed "2025 SHARE SCHEMES" in this Report of Directors.

2025 Share Award Scheme

Details of the 2025 Share Award Scheme are set out in the section headed "2025 SHARE SCHEMES" in this Report of Directors.

Except as disclosed above and in note 36 "SHARE INCENTIVE SCHEMES" to the consolidated financial statements in this annual report, the Company had not entered into any equity-linked agreements in 2025, nor did there subsist any equity-linked agreement entered into by the Company as at 31 December 2025.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on pages 92 to 93 in the consolidated statement of changes in equity in this annual report.

Report of Directors

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Laws of Cayman Islands, amounted to approximately RMB5,841.0 million (as at 31 December 2024: RMB2,652.9 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2025 are set out in note 31 "INTEREST-BEARING BANK AND OTHER BORROWINGS" to the consolidated financial statements in this annual report.

DIRECTORS

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

Executive Directors:

Dr. LOU Jing (appointed on 5 September 2006) (*Chairman & Chief Executive Officer*)

Ms. SU Dongmei (appointed on 11 June 2012)

Non-executive Director:

Ms. ZHANG Jiaoe (appointed on 25 June 2024)

Independent Non-executive Directors:

Mr. PU Tianruo (appointed on 23 May 2015 and appointment effective on 1 June 2015)

Ms. YANG Hoi Ti Heidi (appointed on 29 June 2021)

Mr. NG Joo Yeow Gerry (appointed on 21 January 2022)

In accordance with article 84(1) of the Articles of Association, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation and will be eligible for re-election and re-appointment at every AGM, provided that every Director shall be subject to retirement by rotation at least once every three years.

In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the first general meeting or the next following AGM of the Company after his/her appointment.

Details of the Directors to be re-elected or any Director candidates to be elected, as applicable, at the AGM will be set out in the circular to the shareholders of the Company prior to its upcoming AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 33 to 38 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the HKEx (the “**HKEx Listing Rules**”). The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the HKEx Listing Rules.

DIRECTORS’ SERVICE CONTRACTS

Dr. LOU Jing, one of the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the date of his appointment until the third AGM of the Company since the Listing Date (whichever is earlier), which shall be automatically renewed for successive periods of three years until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other prior notice in writing. **Ms. SU Dongmei**, the other executive Director, has entered into a service contract with the Company, which term has been renewed until the date of the 2027 AGM³ of the Company (or, in case there is no AGM in such year, until 20 June 2027), unless otherwise terminated in accordance with the terms and conditions of the service contract.

Ms. ZHANG Jiaoe, the non-executive Director, entered into an appointment letter with the Company for a term of three years commencing from 25 June 2024, which may be terminated in accordance with the terms of the appointment letter.

³ In this annual report, the number preceding AGM refers to the calendar year in which the subject AGM is held. For example, 2026 AGM refers to the AGM that is held in the calendar year 2026.

Report of Directors

Mr. PU Tianruo, one of the independent non-executive Directors, entered into an appointment letter with the Company on 23 May 2015. The appointment under the aforementioned letter had been renewed and extended until the date of the 2028 AGM of the Company, unless otherwise terminated in accordance with the terms and conditions of the appointment letter. **Ms. YANG Hoi Ti Heidi**, one of the independent non-executive Directors, entered into an appointment letter with the Company for a term of three years commencing from the date of the 2021 AGM, which has been automatically renewed and extended until the date of the 2027 AGM of the Company, unless otherwise terminated in accordance with the terms and conditions of the appointment letter. **Mr. NG Joo Yeow Gerry**, the other independent non-executive Director, entered into a letter of appointment with the Company on 21 January 2022. His term of appointment has been extended until 20 January 2027, unless otherwise terminated in accordance with the terms and conditions of the appointment letter.

Save as disclosed above, none of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Directors' service contracts and appointment letters may be renewed from time to time, and their terms of appointment are subject to re-election and retirement as and when required by the Articles of Association.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those transactions disclosed in note 42 "RELATED PARTY TRANSACTIONS" to the consolidated financial statements and in the section "Connected Transactions" below, no Director had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder (as defined in the HKEx Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder of the Company or any of its subsidiaries to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals for the Reporting Period are set out in note 8 "DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION" and note 9 "FIVE HIGHEST PAID EMPLOYEES" to the consolidated financial statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 10 "PENSION SCHEME" and note 34 "OTHER NON-CURRENT LIABILITIES" to the consolidated financial statements in this annual report.

CHANGE TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "DIRECTORS AND SENIOR MANAGEMENT" in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the HKEx Listing Rules for the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which had been notified to the Company and the HKEx 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the HKEx Listing Rules were as follows:

(i) Interests in the Company

Name	Position	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue ⁽¹⁾
LOU Jing ⁽²⁾ (婁競)	Executive Director	Beneficial owner	1,811,553 ⁽⁴⁾	0.07%
		Beneficiary of a trust	54,656,895 ⁽⁴⁾	2.15%
		Other	476,774,553 ⁽⁴⁾	18.79%
		Total: 533,243,001 ⁽⁴⁾	21.01%	
SU Dongmei ⁽³⁾ (蘇冬梅)	Executive Director	Founder of a discretionary trust who can influence how the trustee exercises his discretion	24,384,630 ⁽⁴⁾	0.96%
		Beneficial owner	440,000 ⁽⁴⁾	0.02%
		Total: 24,824,630 ⁽⁴⁾	0.98%	
ZHANG Jiaoe ⁽⁴⁾ (張皎娥)	Non-executive Director	Beneficial owner	12,379,139 ⁽⁴⁾	0.49%

Notes:

(L): denotes long position

(1) The calculation is based on the total number of 2,538,005,412 Shares in issue as at 31 December 2025.

(2) Dr. LOU Jing was a beneficiary under three unnamed trusts which were interested in 41,746,000 Shares, 9,410,895 Shares and 3,500,000 Shares respectively. Further, Dr. LOU Jing was an enforcer and a beneficiary of an unnamed discretionary trust which was interested in 476,774,553 Shares. Therefore, Dr. LOU Jing was deemed to be interested in all such Shares as discussed in the foregoing.

(3) Ms. SU Dongmei was the founder of a discretionary trust who can influence how the trustee exercises his discretion and therefore was deemed to be interested in the same number of the Shares in which that trust was interested (i.e. 24,384,630 Shares); and, Ms. SU Dongmei was granted 440,000 share options by the Company, representing 440,000 Shares upon full exercise.

(4) 80,000 share options, representing 80,000 Shares upon full exercise, were granted by the Company to a trust and held for the benefit of Ms. ZHANG.

(ii) Interests in Associated Corporations

Name	Position	Associated Corporation	Nature of Interest	Number of Securities	Approximate Percentage of Outstanding Share Capital of the Associated Corporation ⁽¹⁾
LOU Jing (婁競)	Executive Director	Sunshine Guojian	Interest in controlled Corporation	23,883,151 ^{(L)(1)}	3.87%
		Mandi Inc.	Beneficiary of a trust (other than a discretionary interest)	350 ^{(L)(3)}	3.50%
SU Dongmei (蘇冬梅)	Executive Director	Sunshine Guojian	Others ⁽²⁾	200,000 ^{(L)(2)}	0.04% ⁽²⁾

Notes:

(L): denotes long position.

(1) These shares were held by Achieve Well International Limited, a company wholly-owned by Dr. LOU Jing, under an employee share ownership plan ("ESOP") of Sunshine Guojian, for purposes of holding the awarded shares granted to Dr. LOU Jing.

(2) An ultimate beneficial owner of an interest in a fund (the "Fund") that is used for holding shares awarded under the ESOP of Sunshine Guojian, which directly holds the awarded shares for the ultimate benefit of Ms. SU Dongmei, being one of the grantees of the awarded shares that have been allotted to the Fund by Sunshine Guojian. Upon completion of the Guojian Offering, the approximate percentage of Ms. SU Dongmei's interest in the share capital of Sunshine Guojian was diluted from 0.036% to 0.032%. The change did not trigger a disclosure obligation under the SFO and therefore the information shown in the table as of 31 December 2025 reflects Ms. SU Dongmei's interests position as required to be disclosed under the SFO.

(3) The shares were granted by Mandi Inc. to Hero Grand, an exempted company incorporated and existing under the laws of the British Virgin Islands, which was ultimately beneficially owned by a trust the settlor, protector and one of the beneficiaries of which was Dr. LOU Jing, under the equity incentive plan adopted by Mandi Inc. on 30 September 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the HKEx 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 taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, to the best of the Directors' knowledge, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue ⁽¹⁾
Decade Sunshine Limited ("DSL") ⁽²⁾	Beneficial owner	476,774,553 ^(L)	18.79%
Century Sunshine Limited ("CSL") ⁽²⁾	Interest in a controlled corporation	476,774,553 ^(L)	18.79%
XING Lily ⁽³⁾	Interest in a controlled corporation ⁽²⁾	476,774,553 ^(L)	18.79%
	Interest of spouse ⁽³⁾	56,468,448 ^(L)	2.22%
	Total:	533,243,001 ^(L)	*21.01%
Lambda International Limited ⁽²⁾	Interest in a controlled corporation	476,774,553 ^(L)	18.79%
TMF (Cayman) Ltd. ⁽⁴⁾	Trustee	554,183,428 ^(L)	21.84%
Hui Tian Fu Funds Management Co., Ltd. (匯添富基金管理股份有限公司) ("HTF") ⁽⁵⁾	Investment manager	147,849,000 ^(L)	5.83%
DFZQ (東方證券股份有限公司)	Beneficial owner	97,667 ^(L)	0.00%
	Interest in a controlled corporation ⁽⁵⁾	147,849,000 ^(L)	5.83%
	Total:	147,946,667 ^(L)	5.83%

Notes:

(L) : denotes long position

*: Figures shown as total may not be an arithmetic aggregation of the figures being added up due to rounding adjustment.

(1) The calculation is based on the total number of 2,538,005,412 Shares in issue as at 31 December 2025.

(2) DSL was wholly-owned by CSL and therefore CSL was deemed to be interested in 476,774,553 Shares held by DSL; further, 42.52% and 35.65% of CSL were respectively controlled by Ms. XING Lily and Lambda International Limited, who were therefore deemed to be interested in such 476,774,553 Shares.

(3) Ms. XING Lily's spouse is Dr. LOU Jing.

(4) TMF (Cayman) Ltd. was the trustee with respect to four unnamed trusts, which respectively were interested in 476,774,553, 51,156,895, 15,340,480, and 10,911,500 Shares, as disclosed under the SFO, and therefore TMF (Cayman) Ltd. was deemed to be interested in all such Shares.

(5) 35.41% of HTF was owned by DFZQ, and therefore DFZQ was deemed to be interested in all the Shares held by HTF.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed under the heading “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”, at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company’s holding company a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and during the Reporting Period, none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any of the Company’s listed securities (including sale of treasury shares (as defined under the HKEx Listing Rules)) by the Company or any of its subsidiaries during the Reporting Period.

2015 OPTION SCHEME

Pursuant to a written resolution passed by the then sole shareholder of the Company on 23 May 2015, the Company adopted the 2015 Option Scheme pursuant to Chapter 17 of the HKEx Listing Rules. The 2015 Option Scheme was valid for a period of 10 years commencing from the date of adoption; accordingly, **it expired on 23 May 2025**.

Upon expiry of the 2015 Option Scheme, no further options may be granted but in all other respects, the provisions of the 2015 Option Scheme shall remain in full force and effect. Therefore, the expiry of the 2015 Option Scheme will not in any event affect the terms of such outstanding options (see the below two tables in this section) that have already been granted under the 2015 Option Scheme and the outstanding options granted under the 2015 Option Scheme shall continue to be subject to the provisions of the 2015 Option Scheme.

Details of the 2015 Option Scheme were disclosed in the Company’s prospectus dated 1 June 2015 in the section headed “Statutory and General Information — 5. Post-IPO Share Option Scheme” in Appendix IV. The total number of options available for grant under the scheme mandate of the 2015 Option Scheme as at 1 January 2025 and 31 December 2025 were 225,953,857 and 0, respectively. The number of Shares that may be issued in respect of awards granted under the 2015 Option Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period was 0. The total number of Shares available for issue under the 2015 Option Scheme is 0. The purpose of the 2015 Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

Report of Directors

Unless approved by the shareholders of the Company in accordance with the terms of the 2015 Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the 2015 Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of Shares in issue. An option may be exercised in accordance with the terms of the 2015 Option Scheme at any time during a period to be determined and notified by the Directors to each grantee. A nominal consideration of RMB1.00 is payable upon acceptance of the grant of an option. For details, please refer to Appendix IV to the Company's prospectus dated 1 June 2015.

The following outstanding share options were granted to the following Directors under the 2015 Option Scheme as of 31 December 2025:

Name of Director	Number of share options						As at 31 December 2025	Date of grant of share options	Exercise period of share options	Exercise price of share options (HKD per share)	Price of the Company's listed shares immediately before the grant date of options (HKD per share)
	As at 1 January 2025	Granted during the period	Exercised during the period	Forfeited/ cancelled during the period	Lapsed during the period						
LOU Jing	440,000	-	440,000	0	0	0	2 February 2017	From 2 August 2018 to 2 February 2027 ⁽²⁾	7.62	7.37	
SU Dongmei ⁽¹⁾	440,000	-	-	0	0	440,000	2 February 2017	From 2 August 2018 to 2 February 2027 ⁽²⁾	7.62	7.37	
ZHANG Jiace ⁽¹⁾	80,000	-	-	0	0	80,000	2 February 2017	From 2 August 2018 to 2 February 2027 ⁽²⁾	7.62	7.37	

⁽¹⁾ The outstanding share options were held by The Empire Trust, a trust established by the Company for beneficiaries who are employees of the Company and its subsidiaries and affiliates, and any other persons as nominated from time to time by the advisory committee of The Empire Trust that is established with the authority of the Board.

⁽²⁾ Share options granted are subject to vesting conditions with vesting periods ended 2 August 2018, 2 February 2020 and 2 August 2021, respectively.

⁽³⁾ The weighted average closing price of the Shares immediately before the dates on which the share options were exercised is HKD31.90 per Share.

The following outstanding share options were granted to employee participants of the Group (apart from Directors) as of 31 December 2025:

Number of share options								Price of the Company's listed shares immediately before the grant date of options	
As at 1 January 2025	Granted during the period	Exercised during the period	Forfeited/ cancelled during the period	Lapsed during the period	As at 31 December 2025	Date of grant of share options	Exercise period of share options	Exercise price of share options (HKD per share)	(HKD per share)
15,526,000 ⁽¹⁾	-	5,679,500	0	0	9,846,500	2 February 2017	From 2 August 2018 to 2 February 2027 ⁽²⁾	7.62	7.37

⁽¹⁾ The outstanding share options were held by The Empire Trust, a trust established by the Company for beneficiaries who are employees of the Company and its subsidiaries and affiliates, and any other persons as nominated from time to time by the advisory committee of The Empire Trust that is established with the authority of the Board.

⁽²⁾ Share options granted are subject to vesting conditions with vesting periods ended 2 August 2018, 2 February 2020 and 2 August 2021, respectively.

⁽³⁾ Employee participants include employees of any member of the Group (apart from Directors).

⁽⁴⁾ The weighted average closing price of the Shares immediately before the dates on which the share options were exercised is HKD18.90 per Share.

All of the above grants were made prior to the amendment to Chapter 17 of the HKEx Listing Rules and none of the grants of options to any participant is in excess of the 1% individual limit.

Please refer to Note 36 "SHARE INCENTIVE SCHEMES" to the consolidated financial statements in this annual report for the accounting policy adopted for share options.

2019 SHARE SCHEME

The Company adopted the 2019 Share Scheme to recognise the contributions by selected participants and to motivate and give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants.

The 2019 Share Scheme was adopted by the Company on 16 July 2019 and amended on 12 December 2021. **As approved by the shareholders on 25 June 2025, the Company terminated the 2019 Share Scheme. Under the terms of the 2019 Share Scheme, such termination shall not affect any subsisting rights of any selected participant who is a grantee of awarded Shares under the 2019 Share Scheme (for the awarded Shares granted under the 2019 Share Scheme, please see the below table in this section).**

Report of Directors

Under the 2019 Share Scheme, as at 1 January 2025, at 31 December 2025, and at the date of this annual report, respectively, no new Shares were available for grant of awards. The number of Shares that may be issued in respect of awards granted under the 2019 Share Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period was 0.

Further details of the 2019 Share Scheme are set out in Note 36 “SHARE INCENTIVE SCHEMES” to the consolidated financial statements in this annual report.

As at 31 December 2025, details of the awarded shares granted under the 2019 Share Scheme of the Company were as follows:

Share awards holders	Date of award	Number of awarded shares					As at 31 December 2025	Vesting period	Closing price immediately before the date of award (HKD per share)
		Number of awarded shares	As at 1 January 2025	Awarded During the period	Vested during the period	Lapsed during the period			
Employee	16 July 2019 ⁽¹⁾	9,885,448	-	-	-	-	March 2020 to March 2023 ⁽³⁾	13.88	
	7 September 2020 ⁽²⁾	10,000,000	-	-	-	-	NA ⁽⁴⁾	8.98	
	23 September 2024 ⁽⁵⁾	34,107,688	34,107,688	-	1,309,512	-	23 September 2024 to 23 September 2027 ⁽³⁾	5.70	
Director of the Company/Director/general manager of subsidiaries of the Company									
Director of the Company									
- Dr. LOU Jing	23 September 2024 ⁽⁵⁾	5,000,000	5,000,000	-	1,500,000	-	23 September 2024 to 23 September 2027 ⁽³⁾	5.70	
Director of a subsidiary of the Company									
- Mr. YU An	23 September 2024 ⁽⁵⁾	650,000	650,000	-	195,000	-	23 September 2024 to 23 September 2027 ⁽³⁾	5.70	
General manager of a subsidiary of the Company									
- Mr. JIN Zheng	23 September 2024 ⁽⁵⁾	600,000	600,000	-	-	-	23 September 2024 to 23 September 2027 ⁽³⁾	5.70	
Total		60,243,136	40,357,688	-	3,004,512	-	37,363,176		

Notes:

- (1) On 16 July 2019, the Board resolved to grant a maximum of 10,000,000 awarded Shares to 37 independent employees of the Group, pursuant to the terms of the 2019 Share Scheme, in order to recognize the contributions of the independent employees to the Group. For details, please refer to the announcement of the Company dated 17 July 2019 and Note 36 "SHARE INCENTIVE SCHEMES" to the consolidated financial statements in this annual report.
- (2) On 7 September 2020, the Board resolved to conditionally grant 10,000,000 new awarded Shares to Dr. ZHU Zhenping of which 5,000,000 awarded Shares and 2,250,000 awarded Shares have so far been issued and allotted to Dr. ZHU Zhenping on 14 April 2021 and 8 March 2022, respectively. For details, please refer to the announcement of the Company dated 8 September 2020 and the circular of the Company dated 16 October 2020.
- (3) These awarded Shares are subject to vesting conditions involving financial targets and vesting periods.
- (4) These awarded Shares are not subject to any vesting condition or vesting period.
- (5) On 23 September 2024, the Board resolved to grant 34,107,688, 5,000,000, 650,000 and 600,000 awarded Shares to 267 independent employees of the Group, Chairman of the Board and the Chief Executive Officer of the Company, Dr. LOU Jing, a director of a subsidiary of the Company, Mr. YU An, and the general manager of a subsidiary of the Company, Mr. JIN Zheng, respectively, pursuant to the terms of the 2019 Share Scheme, with the purpose of the 2019 Share Scheme as a recognition and reward of the grantees' contributions to the Company's continuing operation and development. For details of such grant and vesting terms, please refer to the announcement of the Company dated 23 September 2024 and Note 36 "SHARE INCENTIVE SCHEMES" to the consolidated financial statements in this annual report.

2025 SHARE SCHEMES

Adoption of 2025 Share Schemes

At the annual general meeting of the Company held on 25 June 2025, ordinary resolutions were passed to adopt the 2025 Option Scheme and the 2025 Share Award Scheme, primarily for the purpose of conforming to the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023.

The principal terms of the 2025 Option Scheme and the 2025 Share Award Scheme are substantially the same as the Company's previous share schemes (being the 2015 Option Scheme and the 2019 Share Award Scheme, respectively).

For details of the adoption and full terms of the 2025 Share Schemes, please refer to the circular issued by the Company to the Shareholders on 26 May 2025.

Report of Directors

– 2025 Option Scheme

The 2025 Option Scheme was conditionally adopted on 25 June 2025 and, unless terminated earlier, shall be valid and effective for a term of 10 years from the adoption date (expiring on 24 June 2035, with a remaining life of approximately 9 years).

(i) Purpose

The purposes of the 2025 Option Scheme are to (i) recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the selected participants to maximise 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 through ownership of Shares.

(ii) Eligible Participants

The Board may, at its absolute discretion, grant options to (i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider (as defined in the 2025 Option Scheme). In determining eligibility, the Board takes into consideration matters including but without limitation the present and future contribution of the relevant participant, the performance of the participant, as well as the Group's overall business objectives and future development plans.

(iii) Total Number of Shares Available for Issue

The maximum number of Shares which may be issued in respect of all options to be granted under the 2025 Option Scheme shall not exceed 5% of the total number of Shares in issue (excluding treasury Shares) as at the Adoption Date.

As at the date of this annual report, the total number of Shares available for issue under the 2025 Option Scheme is 119,953,945 Shares, representing approximately 4.73% of the total number of issued Shares (excluding treasury Shares).

(iv) Service Provider Sub-limit (Share Option)

Within the Scheme Mandate Limit (Share Option), the maximum number of Shares which may be issued in respect of all options to be granted to Service Providers shall not exceed 0.5% of the total number of Shares in issue (excluding treasury Shares) as at the Adoption Date. As at the date of this annual report, the number of Shares available for issue under the Service Provider Sub-limit (Share Option) is 11,995,394 Shares.

(v) Maximum Entitlement of Each Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued in respect of all options and awards granted to a grantee (excluding any options and awards lapsed) in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue (excluding treasury Shares) from time to time.

Where any grant of options to an independent non-executive Director or a substantial Shareholder or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed) to such person in the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding treasury Shares), such grant must be approved by Shareholders in general meeting.

(vi) Acceptance Period

An offer of the grant of an option shall be open for acceptance by the grantee for a period of 10 business days from the date of the grant letter.

(vii) Exercise Price and Option Period

The subscription price for Shares under the 2025 Option Scheme shall be the highest of (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant; and (iii) the average closing price of the Shares for the five business days immediately preceding the date of grant. The option period shall be determined by the Board at its discretion, but shall not exceed 10 years from the date of grant.

(viii) Vesting Period

Save for certain specific circumstances permitted under the Listing Rules, an option must be held by the grantee for at least 12 months from the date of grant before it can be exercised. The Board may, at its sole and absolute discretion, grant a shorter vesting period to an Employee Participant in the following circumstances: (a) grants of “make-whole” share options to new joiners to replace share awards or options forfeited upon leaving their previous employers; (b) grants with performance-based vesting conditions in lieu of time-based criteria; (c) grants made in batches due to administrative or compliance requirements, where the vesting period may be adjusted to reflect the intended grant date; (d) grants with a mixed or accelerated vesting schedule; (e) grants with a total vesting and holding period of more than 12 months; or (f) replacement grants issued following mergers and acquisitions to reflect the vesting status of lapsed subsidiary awards.

Report of Directors

(ix) Payment on Acceptance of Option

No consideration is payable by the grantee on acceptance of the option.

(x) Status of Grants

No share options had been granted, exercised, cancelled or lapsed under the 2025 Option Scheme since its adoption and up to the date of this annual report.

(xi) Number of Options Available for Grant

As at the date of this annual report, the number of options available for grant under the Scheme Mandate Limit (Share Option) was 119,953,945, and the number of options available for grant under the Service Provider Sub-limit (Share Option) was 11,995,394.

As at 31 December 2025, the number of options available for grant under the Scheme Mandate Limit (Share Option) remained at 119,953,945, and the number of options available for grant under the Service Provider Sub-limit (Share Option) remained at 11,995,394.

The following outstanding share options were granted under the 2025 Option Scheme as of 31 December 2025:

Number of share options										Price of the company's listed shares immediately before the grant date of options (HKD per share)
As at 1 January 2025	Granted during the period	Exercised during the period	Forfeited/cancelled during the period	Lapsed during the period	As at 31 December 2025	Date of grant of share options	Exercise period of share options	Exercise price of share options (HKD per share)		
-	-	-	-	-	-	-	-	-	-	-

– 2025 Share Award Scheme

The 2025 Share Award Scheme was conditionally adopted on 25 June 2025 and, unless terminated earlier, shall be valid and effective for a term of 10 years from the adoption date (expiring on 24 June 2035, with a remaining life of approximately 9 years).

(i) Purpose

The purposes of the 2025 Share Award Scheme are identical to those of the 2025 Option Scheme as set out above.

(ii) Eligible Participants

The eligible participants of the 2025 Share Award Scheme are identical to those of the 2025 Option Scheme as set out above.

(iii) Total Number of Shares Available

The total number of Shares which may be awarded under the 2025 Share Award Scheme shall not exceed 10% of the issued Shares (excluding treasury Shares) as at the Adoption Date (the “**Scheme Mandate Limit (Share Award)**”). Within this limit, the maximum number of new Shares which may be issued shall not exceed 5% of the issued Shares (excluding treasury Shares) as at the Adoption Date (the “**Scheme Mandate Limit (New Shares Share Award)**”).

As at the date of this annual report:

- the total number of Shares available for award under the 2025 Share Award Scheme is 239,907,891 Shares (representing approximately 9.45% of the issued Shares);
- the number of new Shares available for issue under the Scheme Mandate Limit (New Shares Share Award) is 119,953,945 Shares; and
- the number of new Shares available for issue to Service Providers under the corresponding sub-limit (the “**Service Provider Sub-limit (New Shares Share Award)**”) is 11,995,394 Shares.

Report of Directors

(iv) Service Provider Sub-limit (New Shares Share Award)

Within the Scheme Mandate Limit (New Shares Share Award), the maximum number of new Shares which may be issued in respect of all awards to be granted to Service Providers shall not exceed 0.5% of the total number of Shares in issue (excluding treasury Shares) as at the Adoption Date (the “**Service Provider Sub-limit (New Shares Share Award)**”). As at the date of this annual report, the number of new Shares available for issue under the Service Provider Sub-limit (New Shares Share Award) is 11,995,394 Shares.

(v) Maximum Entitlement of Each Participant

The individual limit is identical to that of the 2025 Option Scheme as set out above (1% of issued Shares in any 12-month period). The 0.1% approval threshold for grants to independent non-executive Directors, substantial Shareholders or their associates also applies.

(vi) Acceptance Period

An offer of the grant of an award shall be open for acceptance by the selected participant for a period of 10 business days from the date of the grant letter.

(vii) Vesting Period

The vesting period for awards granted to any participant must not be less than 12 months, save for the exceptions permitted under the Listing Rules as incorporated in the scheme rules. Similar to the 2025 Option Scheme, a shorter vesting period may be granted to an Employee Participant at the Board’s discretion in specific circumstances, including but not limited to “make-whole” grants, performance-based vesting conditions, administrative batch grants, mixed/accelerated vesting schedules, or replacement grants following mergers and acquisitions.

(viii) Purchase Price

The Board may in its absolute discretion determine whether a selected participant is required to pay any purchase price for the acquisition of the Award.

(ix) Payment on Acceptance of Award

The amount payable and the time limit on acceptance of an award shall be determined by the Board.

(x) Status of Grants

No share awards had been granted, vested, cancelled or lapsed under the 2025 Share Award Scheme since its adoption and up to the date of this annual report.

(xi) Number of Awards Available for Grant

As at the date of this annual report, the number of awards available for grant under the Scheme Mandate Limit (Share Award) was 239,907,891, the number of new Shares available for grant under the Scheme Mandate Limit (New Shares Share Award) was 119,953,945, and the number of new Shares available for grant to Service Providers under the Service Provider Sub-limit (New Shares Share Award) was 11,995,394.

As at 31 December 2025, details of the awarded shares granted under the 2025 Share Award Scheme of the Company were as follows:

Number of awarded shares	Number of awarded shares						Closing price immediately before the date of award (HKD per share)
	As at 1 January 2025	Awarded during the period	Vested during the period	Lapsed during the period	As at 31 December 2025	Vesting period	
-	-	-	-	-	-	-	-

CONNECTED TRANSACTIONS

Connected transaction in relation to the grant of share awards by Mandi Inc. pursuant to its equity incentive plan

On 20 October 2025, the board of directors of Mandi Inc., a wholly-owned subsidiary of the Company, resolved to issue an aggregate of 640 Mandi Shares as Awards to selected participants at a consideration of USD1.0 per Mandi Share, pursuant to the Mandi Equity Incentive Plan adopted on 30 September 2025. Among the Awards, 350 Mandi Shares were issued to Hero Grand and 290 Mandi Shares were issued to Mandi Group Limited, a holding company of the trust under the Mandi Equity Incentive Plan.

As at the date of the grant, Hero Grand was ultimately beneficially owned by a trust of which Dr. LOU Jing, a Director and a substantial shareholder of the Company, is the settlor, the protector and one of the beneficiaries. Accordingly, Hero Grand is an associate of Dr. LOU Jing and therefore a connected person of the Company under Chapter 14A of the HKEx Listing Rules. The grant of Awards to Hero Grand therefore constituted a connected transaction of the Company under Chapter 14A of the HKEx Listing Rules. As the highest applicable percentage ratio of such grant is more than 0.1% but less than 5%, such grant is subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the HKEx Listing Rules.

Report of Directors

As the effective interest of the Company in Mandi Inc. decreased upon the issue of the Awards, the issue of Awards also constituted a deemed disposal of the Company under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio of such grants is more than 0.1% but less than 5%, it was not subject to any announcement, reporting or shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of Awards aligned with the purpose of the Mandi Equity Incentive Plan as a recognition and reward of the selected participants' past contributions to the operation and development of Mandi Inc. and the Group. The Directors (including the independent non-executive Directors) are of the view that the grant of Awards, the respective terms and the transactions contemplated thereunder are fair and reasonable and in the interests of Mandi Inc., the Group and the shareholders of the Company as a whole.

For further details of such grant, please refer to the announcement of the Company dated 20 October 2025 and the section headed "Grant of Awarded Shares by Mandi Inc." in the "Management Discussion and Analysis" section of this annual report.

Connected transaction in relation to the Facility Agreement with Medical Recovery

On 17 July 2018, Strategic International, a direct wholly-owned subsidiary of the Company, entered into a facility agreement (the "**Facility Agreement**") with Medical Recovery Limited ("**Medical Recovery**"), one of the controlling shareholders of the Company. Pursuant to the Facility Agreement, Strategic International agreed to provide a loan (the "**Loan**") to Medical Recovery in the principal amount of USD30,000,000 with an interest rate of 4% per annum. In connection with the Facility Agreement, a debenture was also made between Medical Recovery as chargor and Strategic International as chargee, pursuant to which all assets of Medical Recovery were charged to Strategic International. The Facility Agreement was subject to a final maturity date (the "**Maturity Date**") of 12 months after the date of the Facility Agreement or an extended date as agreed by Strategic International and Medical Recovery. As announced on 17 July 2023, Strategic International and Medical Recovery agreed to further extend the Maturity Date to 17 July 2026 (the "**Latest Extension**").

As at 17 July 2023, being the date on which the Company announced the Latest Extension, Medical Recovery directly held approximately 1.39% of the then issued share capital of the Company, and was an associate of connected persons of the Company for purposes of the HKEx Listing Rules as it was controlled by Dr. LOU Jing, Ms. SU Dongmei and Mr. HUANG Bin, then directors of the Company. Therefore, the Loan and its subsequent extensions including the Latest Extension constituted connected transactions of the Company under Chapter 14A of the HKEx Listing Rules. As the highest applicable percentage ratio in respect of the Facility Agreement and the subsequent extensions of the Loan including the Latest Extension in aggregate pursuant to Rule 14A.81 of the HKEx Listing Rules was more than 0.1% but less than 5%, the Latest Extension and the transaction contemplated thereunder were subject to the reporting and announcement requirements but were exempt from the independent Shareholders' approval requirements under the HKEx Listing Rules.

The purpose of the Loan is for Medical Recovery to purchase the issued ordinary shares of the Company for employee retention and incentives purposes. The Company considered it an effective and efficient way to motivate and incentivize its employees, which is beneficial to the sustainable development of the Group. Additionally, the Board considered that the Group had surplus cash resources and the entering into of the Facility Agreement can put such resources to more efficient use and to generate better returns.

For further details of the Facility Agreement and the subsequent extensions of the Loan including the Latest Extension, please refer to the announcements of the Company dated 17 July 2018, 17 July 2019, 17 July 2020, 18 July 2021 and 17 July 2023.

Note 42 to the Consolidated Financial Statements

In respect of the Company's related party transactions disclosed in Note 42 to the consolidated financial statements prepared in accordance with International Financial Reporting Standards, to the extent that they constitute connected transactions of the Company for the purpose of the HKEx Listing Rules that apply to them, the Company confirms that it has complied with the relevant requirements under the HKEx Listing Rules (if applicable).

Save as disclosed above, the related party transactions of the Company set out in Note 42 to the consolidated financial statements prepared in accordance with International Financial Reporting Standards do not constitute connected transactions of the Company under the HKEx Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DONATIONS

The Group supports various medical charity projects. The donations made by the Group in the Reporting Period were approximately RMB10.4 million. Please refer to Section 6.2 "Enhancing Accessibility to Medicines and Medical Services" in the Company's "2025 Environmental, Social and Governance Report" ("**ESG Report**") as released on the same date as this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

For the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

ENVIRONMENTAL PROTECTION

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

To the best knowledge of the Group, during the Reporting Period, there were no material breaches of national and local environmental laws and regulations of the PRC.

The ESG Report of the Group is published on the same date as this annual report, respectively on the websites of the HKEx (www.hkexnews.hk) and the Company (www.3sbio.com) under the section "Investor Relations".

RELATIONSHIP WITH STAKEHOLDERS

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

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

The Group conducts marketing activities in a rigorous academic framework. The Group provides medical experts with scientific information on innovative drugs and other Group's products, and helps them make independent comparisons among competing products in the market. The Group also maintains long-term cooperative relationships with national professional associations, such as the Chinese Society of Nephrology (中華腎臟病學會) and the Chinese Society of Clinical Oncology (中國臨床腫瘤學會). The Group believes that its marketing activities help to raise Group's profile, enhance awareness of Group's products in the medical community and among patients, and will enable the innovative drugs to better demonstrate their clinical value.

A significant amount of Group's sales is attributable to a limited number of distributors. The Group selects the distributors based on their qualifications, reputation, market coverage and sales experience. The Group generally has long term business relationship with its large distributors.

The Group values long-term technological cooperation with suppliers and has entered into long-term supply agreements with key suppliers, so as to secure the production stability of the Group. The Group strictly manages the quality of supplier products and comprehensively manages the social and environmental risks associated with suppliers through measures such as diversified management, daily monitoring and communication, training, green procurement, and assessment and auditing.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with laws and regulatory requirements. The Group has been allocating corporate and staff resources to ensure ongoing compliance with rules and regulations, including retaining external counsels and advisors. During the Reporting Period, the Group has complied, to the best of its knowledge, with all relevant rules and regulations that have a significant impact on it.

To the best knowledge of the Group, during the Reporting Period, there were no material breaches of the Group's internal rules or PRC laws and regulations relating to the promotion and distribution of the Group's pharmaceutical products by its employees, distributors, sub-distributors or third-party promoters.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur as a result of any act or failure to act in the execution of their duty, or supposed duty, and in their respective offices or trusts provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and senior management.

POST BALANCE SHEET EVENTS

For material post-balance sheet events concerning the Group, please refer to note 47 “EVENT AFTER THE REPORTING PERIOD” to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has, together with the management and external auditor of the Company (the “**Auditor**”), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the Reporting Period. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Company and considers them to be effective and adequate.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 60 to 78 of this annual report.

CLOSURE OF REGISTER OF SHAREHOLDERS

The AGM is scheduled to be held on Thursday, 25 June 2026. For determining the entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Thursday, 25 June 2026. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 18 June 2026.

For determining the entitlement to the final dividend, the register of shareholders of the Company will be closed from Thursday, 23 July 2026 to Monday, 27 July 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the entitlement of the shareholders of the Company to the final dividend will be Monday, 27 July 2026. In order to qualify for the final dividend, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 July 2026.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the shares of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, has been held by the public at all times during the Reporting Period and as of the date of this annual report, and the Company currently only has one class of shares in issue, namely ordinary shares, all of which are listed on the HKEx, in compliance with the requirements under the HKEx Listing Rules.

AUDITOR

Ernst & Young was appointed as the Auditor for the Reporting Period.

On behalf of the Board

Dr. LOU Jing

Chairman

Hong Kong SAR

PRC

30 March 2026

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the HKEx Listing Rules as its own code of corporate governance.

Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code throughout the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

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

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

- the delivery of high-quality products to patients and health workers;
- satisfactory and sustainable returns to shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately; and
- that high standards of ethics are maintained.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

The Board has established purpose, values, and strategy of the Company, and has satisfied itself that these objectives and the Company's culture are aligned. All Directors have acted with integrity, led by example, and promoted the desired culture of the Company. The Company's culture instills, and continually reinforces across the Company, the importance of values of acting lawfully, ethically, and responsibly.

For the basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives, please refer to "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" herein, as well as "Long Term Corporate Performance and Strategy" section herein. The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of its business.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders at all times.

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.

Corporate Governance Report

Board Composition

As at the date of this annual report, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors as follows:

Executive Directors:

Dr. LOU Jing (*Chairman & Chief Executive Officer*)

Ms. SU Dongmei

Non-executive Director:

Ms. ZHANG Jiaoe

Independent Non-executive Directors:

Mr. PU Tianruo

Ms. YANG Hoi Ti Heidi

Mr. NG Joo Yeow Gerry

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

During the Reporting Period and up to the date of this annual report, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the HKEx Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the HKEx Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage. Therefore, the Company has adopted a Board diversity policy to set out the approach to diversity on the Board. As provided in the Board diversity policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company’s corporate strategy. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Nomination Committee will discuss, and where necessary, agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company’s business growth. The Nomination Committee will review the Board diversity policy as appropriate and recommend revisions, if any, to the Board for consideration and approval. The Board will review the implementation and effectiveness of the Board diversity policy on an annual basis.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the HKEx Listing Rules, the Company considers all of them to be independent.

None of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

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. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Independent Views

The Board has three independent non-executive Directors, 50% of a total of six Directors. In assessing whether a potential candidate is qualified to become an independent non-executive Director of the Company, the Nomination Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time to perform his/her duties as an independent non-executive Director of the Company, and the background and qualification of the candidate, in order to assess whether such candidate is able to bring independent views to the Board.

The Company will ensure that there are channels (in addition to independent non-executive Directors) where independent views are available, including but not limited to the availability of access by the Directors to external independent professional advice to assist with their performance of duties.

The Board reviews the implementation and effectiveness of the above mechanism(s) on an annual basis.

Gender Diversity

Ms. SU Dongmei was appointed as a Director in June 2012 and was re-designated as an executive Director in November 2014. Ms. YANG Hoi Ti Heidi was appointed as an independent non-executive Director in June 2021. Further, Ms. ZHANG Jiaoe was appointed as a non-executive Director in June 2024. Upon Ms. Zhang's appointment, the female representation on the Board has been increased to 50%. Ms. YANG has also served as the Chairlady of the Remuneration Committee since January 2022. The Board believes its efforts and achievement in regard to gender diversity on the Board are satisfactory. The Board will monitor its gender diversity at Board membership changes, with regard to the need for successor planning measures.

Corporate Governance Report

For the past three years, the female employees represented 52.52%, 53.18% and 53.90% respectively in the Group's workforce. For further details regarding gender diversity and the relevant policy of the Group, please refer to the Section 5.1 "Employees' Rights, Interests and Welfare" and Section 8.1 "ESG Datasheet and Notes – Employees Development Responsibility" in the ESG Report.

The Group will continue to build a diverse and friendly culture and work environment to promote gender balance and gender equity.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and business as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

A summary of training received by the Directors throughout the Reporting Period is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
<i>Executive Directors</i>	
Dr. LOU Jing	A and B
Ms. SU Dongmei	B
<i>Non-executive Director</i>	
Ms. ZHANG Jiaoe	B
<i>Independent Non-Executive Directors</i>	
Mr. PU Tianruo	B
Ms. YANG Hoi Ti Heidi	B
Mr. NG Joo Yeow Gerry	B

Notes:

- A: Attending seminars and/or meetings and/or forums and/or briefings
- B: Reading materials relevant to corporate governance, director's duties and responsibilities, the HKEx Listing Rules and other relevant ordinances
- C: Giving talks in the seminars and/or meetings and/or forums
- D: Attending training relevant to the Company's business conducted by lawyers

Separation of the Roles of Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

Dr. LOU Jing, the chairman of the Board, was also appointed as the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees and independent non-executive Directors.

The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

Appointment and Re-election of Directors

Dr. LOU Jing, one of the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the date of his appointment and continue for a period of three years after or until the third AGM of the Company since the Listing Date (whichever is earlier), which shall be automatically renewed for successive periods of three years until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other prior notice in writing. **Ms. SU Dongmei**, the other executive Director, has entered into a service contract with the Company, which term has been renewed until the date of the 2027 AGM of the Company (or, in case there is no AGM in such year, until 20 June 2027), unless otherwise terminated in accordance with the terms and conditions of the service contract.

Ms. ZHANG Jiaoe, the non-executive Director, entered into an appointment letter with the Company for a term of three years commencing from 25 June 2024, which may be terminated in accordance with the terms of the appointment letter.

Corporate Governance Report

Mr. PU Tianruo, one of the independent non-executive Directors, entered into an appointment letter with the Company on 23 May 2015. The appointment under the aforementioned letter had been renewed and extended until the date of the 2028 AGM of the Company, unless otherwise terminated in accordance with the terms and conditions of the appointment letter. **Ms. YANG Hoi Ti Heidi**, one of the independent non-executive Directors, entered into an appointment letter with the Company for a term of three years commencing from the date of the 2021 AGM, which has been automatically renewed and extended until the date of the 2027 AGM of the Company, unless otherwise terminated in accordance with the terms and conditions of the appointment letter. **Mr. NG Joo Yeow Gerry**, the other independent non-executive Director, entered into a letter of appointment with the Company on 21 January 2022. His term of appointment has been extended until 20 January 2027, unless otherwise terminated in accordance with the terms and conditions of the appointment letter.

Save as disclosed above, none of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself for re-election by the shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by the shareholders at the next following AGM of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. 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 Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days have been given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. In 2025, four regular board meetings were held.

For other Board and Board Committee meetings, reasonable notices have been generally given. The agenda and accompanying board papers have been dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, five board meetings and one general meeting were held and the attendance of each Director at these meetings is set out in the table below:

Directors	Attended/Eligible to attend the Board meetings	Attended/Eligible to attend the general meeting(s)
<i>Executive Directors</i>		
Dr. LOU Jing	5/5	1/1
Ms. SU Dongmei	5/5	1/1
<i>Non-Executive Director</i>		
Ms. ZHANG Jiaoe	5/5	1/1
<i>Independent Non-Executive Directors</i>		
Mr. PU Tianruo	5/5	1/1
Ms. YANG Hoi Ti Heidi	5/5	1/1
Mr. NG Joo Yeow Gerry	5/5	1/1

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the HKEx Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

Code provision C.1.3 of the CG Code stipulates that the Company must establish guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities. To comply with the CG Code, the Company has adopted a set of guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities prior to the Listing Date.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Report

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

- (a) developing and reviewing the Company's policies and practices on corporate governance;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Long Term Corporate Performance and Strategy

The Company sets long term financial performance as a corporate governance objective. The mission of the Company is "making innovative biopharmaceuticals reachable". The Company seeks to provide better care for patients through innovation and excellence in its core and related therapeutic areas, as embodied in the corporate motto "*Cherish life/Care for life/Create life*" (珍愛生命·關注生存·創造生活). The Company's vision is to be a leading China-based global biopharmaceutical company. The Company aims to strengthen its leadership position in the PRC biotechnology industry.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises three members, all independent non-executive Directors, namely, Mr. PU Tianruo (*Chairman*), Ms. YANG Hoi Ti Heidi and Mr. NG Joo Yeow Gerry.

The principal duties of the Audit Committee include the following:

1. reviewing the relationship with the Auditor by reference to the work performed by the Auditor, their fees and terms of engagement, and making recommendations to the Board on the appointment, re-appointment and removal of the Auditor;
2. reviewing the financial statements and reports and considering any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or the Auditor before submission to the Board; and
3. reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee, which include those set forth in code provisions D.3.3 and D.3.7 of the CG Code, are available on the websites of the HKEx and the Company.

During the Reporting Period, three meetings of the Audit Committee were held to discuss and consider the following matters:

- final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the Auditor relating to accounting issues and major findings in the course of audit;
- interim results of the Company and its subsidiaries for the six-month period ended 30 June 2025; and
- the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function) and risk management systems and processes, and the re-appointment of the Auditor, with respect to which the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

Corporate Governance Report

Attendance of each Audit Committee member is set out in the table below:

Directors	Attended/Eligible to attend
Mr. PU Tianruo (<i>Chairman</i>)	3/3
Ms. YANG Hoi Ti Heidi	3/3
Mr. NG Joo Yeow Gerry	3/3

Nomination Committee

The Nomination Committee currently comprises three members, including an executive Director, Dr. LOU Jing (*Chairman*), and two independent non-executive Directors, Ms. YANG Hoi Ti Heidi and Mr. NG Joo Yeow Gerry.

The principal duties of the Nomination Committee include the following:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. developing the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
3. identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
4. assessing the independence of independent non-executive Directors;
5. making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive officer; and
6. developing a policy concerning diversity of Board members, and disclosing the policy or a summary of the policy in the corporate governance report.

The written terms of reference of the Nomination Committee are available on the websites of the HKEx and the Company.

The nomination policy of Directors of the Company sets as one of its objectives to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. For a summary of the Company's Board diversity policy, please refer to the relevant paragraph in the "Board Composition" section of this Corporate Governance Report.

Pursuant to these policies, in assessing and selecting candidates, the Board and the Nomination Committee should consider various factors including integrity, age, gender, skills, knowledge, experience, expertise, professional and educational qualifications, background, the board's composition and diversity, availability of service to the Company, expected contribution, independence, conflicts of interest, and any other relevant factors.

The Nomination Committee identifies or selects candidates pursuant to the criteria as set out above. The Nomination Committee then makes recommendation to the Board including the terms and conditions of the appointment. The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee. All appointments of director should be confirmed by a service contract or letter of appointment (as the case may be) setting out the key terms and conditions. As applicable, the Board shall make recommendation to shareholders in respect of the proposed election or re-election of director at a general meeting.

During the Reporting Period, two meetings of the Nomination Committee was held. All three members of the Nomination Committee attended the meeting.

Remuneration Committee

The Remuneration Committee currently comprises three members, all independent non-executive Directors, namely, Ms. YANG Hoi Ti Heidi (*Chairlady*), Mr. PU Tianruo and Mr. NG Joo Yeow Gerry.

The principal duties of the Remuneration Committee include the following:

1. making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;
2. reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board;
3. making recommendations to the Board on the remuneration packages of executive Directors and senior management;
4. making recommendations to the Board on the remuneration of non-executive Directors;
5. considering factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of Directors and senior management, and the employment conditions of the Company and its subsidiaries and consolidated affiliated entities;
6. ensuring that no Director or any of his/her associates is involved in deciding his or her own remuneration;

Corporate Governance Report

7. reviewing and approving compensation payments and arrangements to Directors and senior management for loss or termination of their office or appointment, or dismissal or removal for misconduct and assessing whether the proposed payments or arrangements are fair, reasonable, consistent with the relevant contractual terms, or otherwise appropriate; and
8. reviewing and/or approving matters relating to share schemes under Chapter 17 of the HKEx Listing Rules, including any grants of options or awards to Directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report.

The written terms of reference of the Remuneration Committee, which include those set forth in code provision E.1.2 of the CG Code, are available on the websites of the HKEx and the Company.

The work performed by the Remuneration Committee during the Reporting Period included: (1) determining the policy for the remuneration of the executive Directors; and (2) assessing performance of the executive Directors. With respect to the service contracts of the two executive Directors, such contracts have been reviewed and approved by the Remuneration Committee and the Board prior to the Reporting Period and have been in force through the Reporting Period, with no grounds for termination under the terms of such contracts in the Reporting Period.

During the Reporting Period, two meetings of the Remuneration Committee were held. Attendance of each Remuneration Committee member is set out in the table below:

Directors	Attended/Eligible to attend
Ms. YANG Hoi Ti Heidi (<i>Chairlady</i>)	2/2
Mr. PU Tianruo	2/2
Mr. NG Joo Yeow Gerry	2/2

Remuneration of Directors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration by band of the members of the Board and senior management of the Company for the Reporting Period are set out below:

Remuneration band	Number of individual
Nil to RMB1,000,000	4
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,000,000	0
Above RMB2,000,000	5

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with regular updates on the Company's performance, positions and prospects on a monthly basis.

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 85 to 87 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. 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 misstatement or loss.

The Group's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures. The Group has a designated risk management and internal control team which is responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. Each department of the Group is also required to adhere strictly to the Group's internal control procedures and report to the risk management and internal control team of any risks or internal control issues.

The Group conducts self-assessment each year to confirm that all departments and the Group have properly complied with the risk management and internal control policy.

The internal audit department is responsible for independent review of the adequacy and effectiveness of risk management and internal control systems. During the Reporting Period, the internal audit department reviewed important issues such as the relevant strategic management, major operational and financial reporting procedure, adequacy of resources, staff qualifications and experiences, regulatory compliance, and provided its findings and recommendations to the Audit Committee for improvement.

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

Corporate Governance Report

The Audit Committee assists the Board to at least annually review and monitor the scope, issues, results and action plans in relation to or arising from the internal and external audits. The Audit Committee reviews the Company's material controls, including financial, operational and compliance controls, and risk management and internal control systems at least annually. During the Reporting Period, the Audit Committee conducted a review of the effectiveness of the risk management and internal control systems of the Group, including the above-mentioned material controls. The review has covered various aspects of the Group's risk management and internal control systems. In the review, the Audit Committee reviewed the report from the management and the findings and recommendations from the internal audit department. The review results were reported to the Board. The Board is satisfied that such systems are effective and adequate.

WHISTLE-BLOWING AND ANTI-CORRUPTION POLICIES AND SYSTEMS

The Group has set up management systems, including the 3SBio Group Anti-Corruption and Anti-Bribery Policy, which sets out clear anti-corruption, anti-bribery and anti-money laundering requirements and regulates employee hospitality and charity practices. Under the system's guidance, the Group has established and strictly observed the compliance training system. The Risk Compliance Department makes yearly plans for compliance training targeting the entire workforce. The Directors, full-time and part-time employees and contractors are all required to take regular anti-corruption and business ethics training.

The Group has put in place a whistle-blowing system. The Group's Risk Compliance Department has set up multiple reporting channels via e-mails and telephones, inviting real-name or anonymous tip-offs about existing or suspected irregularities from employees, third-party representatives and business partners.

Please further refer to the Section 2.3 "Business Ethics" and Section 8.1 "ESG Datasheet and Notes – Business Ethics" in the ESG Report.

INFORMATION DISCLOSURE POLICY

The Group has also adopted an information disclosure policy which has set out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is entrusted with the responsibility for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be led by the Board. Unless duly authorized, all staff members of the Company shall not disseminate inside information relating to the Group to any external parties and shall not respond to media report or market speculation which may materially affect the trading price or volume of the Shares.

AUDITOR'S REMUNERATION

Ernst & Young was appointed as the Auditor for the annual audit of the Group and other audit services for the Reporting Period.

The remuneration for the audit services and review services (including the review of the Company's interim results announcement and interim report for the six months ended 30 June 2025) provided by Ernst & Young to the Group for the Reporting Period was as follows:

Type of Services	Amount (RMB '000)
Audit services	5,316
Review services	854
Total	6,170

COMPANY SECRETARY

The company secretary of the Company is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the HKEx Listing Rules and applicable Hong Kong laws, the Company engages Ms. LAI Siu Kuen ("**Ms. LAI**"), a director of Company Secretarial Services of Tricor Services Limited, a company secretarial service provider that provides general corporate and secretarial support services, as the company secretary of the Company.

The primary corporate contact person at the Company is Ms. SU Dongmei, an executive Director of the Company.

For the Reporting Period, Ms. LAI has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the HKEx Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the shareholders of the Company is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders of the Company and investors to make the informed investment decisions.

The AGM of the Company provides opportunity for the shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen/chairlady of the Board Committees will attend the AGM to answer shareholders' questions. The Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor's independence.

The Group's proactive approach to investor relations continued to widen the coverage of the Company by global funds in and outside Hong Kong and Mainland China in 2025. A number of local and international sell-side firms and brokers publish research reports on the Company, often on a regular basis, and the Company attracts attention of a wide range of institutional investors.

The Group's management and investor relations function take great efforts to maintain an open dialogue with the investment community to ensure a thorough understanding of the Company's business development, core strategies and corporate governance principles. In 2025, the Group participated in investor conferences, roadshows, healthcare summits on virtual basis and in-person. Several hundred meetings were held with institutional investors and research analysts in Hong Kong and internationally.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the shareholders and maintaining such relationship and communication on the websites of the HKEx at www.hkexnews.hk and of the Company at www.3sbio.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information is available for public access. Shareholders can also communicate with the Company by mailing to the Company's principal place of business in Hong Kong at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and to the Company's investor relations department at email address ir@3sbio.com.

During the Reporting Period, the Company reviewed the implementation and effectiveness of the shareholders communication policy, including the multiple communication channels for shareholders (AGM, investor meetings, Company website, investor relations mail and email channels, and ESG work) and the steps taken to handle shareholders' enquiries. As assessed and discussed under this section, the Company considered that the shareholders communication policy has been properly implemented and effective.

DIVIDEND POLICY

The Board shall consider various factors before declaring or recommending dividends, including the Company's actual and expected financial performance; retained earnings and distributable reserves of the Company and each of the members of the Group; the Group's working capital requirements, capital expenditure requirements and future expansion plans; the Group's liquidity position; general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the Company's Memorandum and Articles of Association.

As a holding company, the Company is dependent upon the receipt of cash distributions from its PRC subsidiaries to fund any dividend payments. The ability of these subsidiaries to make dividend and other payments to the Company is restricted by their constitutional documents and to the laws of and regulations of the PRC.

SHAREHOLDERS' RIGHTS

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 HKEx Listing Rules and poll results will be posted on the websites of the Company and the HKEx in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders of the Company do not generally have a right to propose new resolutions at general meetings. Shareholders of the Company who wish to propose a resolution may request the Company to convene an extraordinary general meeting following the procedures as set out below.

Any one or more members holding as at the 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 the Board or the secretary of the Company, 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; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards 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

The Company follows its shareholders' communication policy to provide the Company's shareholders with information about the Company to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Company's principal place of business in Hong Kong at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (email address: ir@3sbio.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no change in the Memorandum and Articles of Association of the Company in the Reporting Period.

Independent Auditor's Report



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To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Opinion

We have audited the consolidated financial statements of 3SBio Inc. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 88 to 230, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Independent Auditor's Report



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition of a license arrangement</i></p> <p>During the year, the Group entered into certain agreements (collectively the “License Agreements”) with a licensee, and pursuant to which the Group granted the licensee a worldwide and exclusive license to develop, manufacture, commercialise, and otherwise exploit a licensed product developed by the Group. The License Agreements consist of a number of performance obligations for goods and services, including the licensing of product rights, sale of drug substance and provision of technical support services. Revenue generated from the License Agreements recognised for the year ended 31 December 2025 amounted to RMB9,506,191,000, representing 53.7% of the total revenue of the Group.</p> <p>The License Agreements are complex, and management exercised significant judgement in determining the appropriate accounting treatment, including the identification of performance obligations, the determination and allocation of the standalone transaction price to the performance obligations and the timing of satisfaction of each performance obligation.</p> <p>The Group’s disclosures on revenue recognition of the License Agreements are included in notes 2.4, 3 and 5 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, read and understood all the key terms and conditions of the License Agreements. We discussed with management regarding the application of IFRS 15 to the License Agreements and evaluated and reviewed the appropriateness of the analysis on the identification of performance obligations, determination and allocation of the standalone transaction price to the performance obligations of the License Agreements prepared by management and the underlying supporting documentation for the timing of satisfaction of performance obligations. We also reviewed the appropriateness of amounts of revenue recognised and the disclosures of these transactions in the notes to the consolidated financial statements.</p>

Independent Auditor's Report



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of other intangible assets with indefinite useful lives</i></p> <p>As at 31 December 2025, the Group's other intangible assets with indefinite useful lives amounted to RMB437,515,000. In accordance with IAS 36 Impairment of Assets, intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. The impairment reviews performed by the Group contained a number of significant judgements and estimates including growth rates, royalty rates and discount rates. Changes in these assumptions might lead to a change in the carrying value of intangible assets.</p> <p>The Group's disclosures on other intangible assets with indefinite useful lives are included in notes 2.4, 3 and 17 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, a review of the models and the assumptions applied by management in assessing the forecasted revenue growth rates. We evaluated management's sensitivity analysis to assess the impact of reasonably possible changes to key assumptions on the available headroom. We also reviewed the Group's disclosures of the assumptions applied in assessing the impairment of those intangible assets. We involved our internal valuation experts to assess the key assumptions in valuation models including growth rates, royalty rates and discount rates.</p>



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of goodwill</i></p> <p>As at 31 December 2025, the carrying amount of the Group's goodwill was RMB4,172,350,000. In accordance with IAS 36 <i>Impairment of Assets</i>, the Group is required to test goodwill for impairment annually. Management performs the impairment assessment using a value in use calculation based on the discounted cash flow method. This assessment is complex and judgemental and is based on assumptions, such as forecasted revenue growth rates, gross margins and discount rates, which are affected by the expected future market or economic conditions, particularly in the Chinese mainland.</p> <p>The Group's disclosures on goodwill are included in notes 2.4, 3 and 16 to the financial statements.</p>	<p>Our audit procedures included, among others, a review of the assumptions with actual results of prior periods applied by management in assessing the forecasted revenue growth rates, gross margins and discount rates. We evaluated management's identification of cash-generating units ("CGUs") and the impairment model used by the Group. We also reviewed the Group's disclosures of those assumptions to which the outcome of the impairment test was most sensitive and which had the most significant effect on the determination of the recoverable amount of goodwill. We involved our internal valuation experts in benchmarking the key assumptions in valuation models including expected perpetual rates and discount rates.</p>

Independent Auditor's Report



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.



To the shareholders of 3SBio Inc.

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong, Cheuk Keung (practising certificate number: P05400).

Ernst & Young

Certified Public Accountants

Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	17,695,749	9,107,978
Cost of sales	6	(1,348,436)	(1,279,602)
Gross profit		16,347,313	7,828,376
Other income and gains	5	488,776	4,701
Selling and distribution expenses		(3,630,918)	(3,351,349)
Administrative expenses		(651,233)	(501,948)
Research and development costs		(1,520,356)	(1,326,530)
Other expenses	6	(107,595)	(93,251)
Finance costs	7	(76,385)	(190,846)
Share of profits and losses of:			
Joint ventures	18	1,210	(1,628)
Associates	19	(102,722)	350,560
PROFIT BEFORE TAX		10,748,090	2,718,085
Income tax expense	11	(1,651,979)	(500,536)
PROFIT FOR THE YEAR		9,096,111	2,217,549
Attributable to:			
Owners of the parent		8,482,164	2,090,320
Non-controlling interests		613,947	127,229
		9,096,111	2,217,549
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic	13	RMB3.51	RMB0.86
— Diluted	13	RMB3.43	RMB0.85

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	9,096,111	2,217,549
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(110,170)	38,657
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(110,170)	38,657
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	127,972	30,563
Income tax effect	821	(1,564)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	128,793	28,999
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	18,623	67,656
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9,114,734	2,285,205
Attributable to:		
Owners of the parent	8,500,787	2,157,976
Non-controlling interests	613,947	127,229
	9,114,734	2,285,205

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,993,590	4,993,461
Right-of-use assets	15(a)	384,049	374,056
Goodwill	16	4,172,350	4,252,618
Other intangible assets	17	1,764,629	1,684,510
Investments in joint ventures	18	997	637
Investments in associates	19	252,089	498,519
Equity investments designated at fair value through other comprehensive income	20	774,922	817,951
Prepayments, other receivables and other assets	24	284,737	326,756
Non-pledged time deposits	26	673,311	1,621,381
Deferred tax assets	21	278,896	295,917
Total non-current assets		13,579,570	14,865,806
CURRENT ASSETS			
Inventories	22	1,047,739	795,191
Trade and notes receivables	23	1,081,513	1,305,160
Prepayments, other receivables and other assets	24	811,144	741,138
Financial assets at fair value through profit or loss	25	3,857,665	3,769,187
Derivative financial instruments	30	11,786	8,547
Pledged deposits	26	132,188	178,568
Non-pledged time deposits	26	3,551,534	406,492
Cash and cash equivalents	26	12,177,199	2,142,651
Total current assets		22,670,768	9,346,934
CURRENT LIABILITIES			
Trade and bills payables	27	244,673	179,561
Other payables and accruals	28	1,770,369	1,721,896
Deferred income	29	26,968	27,131
Interest-bearing bank and other borrowings	31	1,830,588	2,243,750
Lease liabilities	15(b)	19,115	15,269
Bonds payable	32	—	1,226,098
Tax payable		171,703	49,819
Financial liabilities at fair value through profit or loss	33	352,266	—
Total current liabilities		4,415,682	5,463,524
NET CURRENT ASSETS		18,255,086	3,883,410
TOTAL ASSETS LESS CURRENT LIABILITIES		31,834,656	18,749,216

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	723,277	37,628
Lease liabilities	15(b)	44,870	31,660
Deferred income	29	373,998	390,290
Deferred tax liabilities	21	231,217	248,835
Other non-current liabilities	34	25,135	4,473
Total non-current liabilities		1,398,497	712,886
Net assets		30,436,159	18,036,330
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	156	146
Treasury shares	35	(218,094)	(235,641)
Share premium	35	5,759,181	2,729,341
Reserves		21,666,827	12,942,412
Equity attributable to owners of the parent		27,208,070	15,436,258
Non-controlling interests		3,228,089	2,600,072
Total equity		30,436,159	18,036,330

LOU Jing

Dr. LOU Jing

Director

SU Dongmei

Ms. SU Dongmei

Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium	Contributed surplus*	Statutory		Exchange fluctuation	Retained profits*	Total	Non-controlling interests	Total equity
					surplus	Fair value					
					reserves*	reserve*					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(note 35)	(note 35)	(note 35)	(note 37)	(note 37)							
At 31 December 2023	149	(235,641)	3,517,283	289,169	1,360,242	(151,570)	79,463	9,174,676	14,033,771	2,479,829	16,513,600
Profit for the year	–	–	–	–	–	–	–	2,090,320	2,090,320	127,229	2,217,549
Other comprehensive income for the year:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	28,999	–	–	28,999	–	28,999
Exchange differences related to foreign operations	–	–	–	–	–	–	38,657	–	38,657	–	38,657
Total comprehensive income for the year	–	–	–	–	–	28,999	38,657	2,090,320	2,157,976	127,229	2,285,205
Transfer to statutory surplus reserves	–	–	–	–	498,090	–	–	(498,090)	–	–	–
Final 2023 dividend declared (Note 12)	–	–	(545,302)	–	–	–	–	–	(545,302)	–	(545,302)
Final 2023 and 2024 interim dividend declared by Sunshine Guojian	–	–	–	–	–	–	–	–	–	(9,786)	(9,786)
Equity-settled share incentive scheme (Note 36)	–	–	–	32,456	–	–	–	–	32,456	–	32,456
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	2,800	2,800
Shares repurchased	–	(242,448)	–	–	–	–	–	–	(242,448)	–	(242,448)
Shares cancelled (Note 35)	(3)	242,448	(242,640)	–	–	–	–	–	(195)	–	(195)
Transfer to retained profits	–	–	–	–	–	(12,705)	–	12,705	–	–	–
At 31 December 2024	146	(235,641)	2,729,341	321,625	1,858,332	(135,276)	118,120	10,779,611	15,436,258	2,600,072	18,036,330

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital	Treasury shares	Share premium	Contributed surplus*	Statutory		Other reserve*	Exchange fluctuation	Retained profits*	Total	Non-controlling	
					surplus reserves*	Fair value reserve*					interests	Total equity
					RMB'000	RMB'000					RMB'000	RMB'000
(note 35)	(note 35)	(note 35)	(note 37)	(note 37)								
At 31 December 2024	146	(235,641)	2,729,341	321,625	1,858,332	(135,276)	-	118,120	10,779,611	15,436,258	2,600,072	18,036,330
Profit for the year	-	-	-	-	-	-	-	-	8,482,164	8,482,164	613,947	9,096,111
Other comprehensive income for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	128,793	-	-	-	128,793	-	128,793
Exchange differences related to foreign operations	-	-	-	-	-	-	-	(110,170)	-	(110,170)	-	(110,170)
Total comprehensive income for the year	-	-	-	-	-	128,793	-	(110,170)	8,482,164	8,500,787	613,947	9,114,734
Transfer to statutory surplus reserves	-	-	-	-	990,307	-	-	-	(990,307)	-	-	-
Final 2024 dividend declared (Note 12)	-	-	(545,320)	-	-	-	-	-	-	(545,320)	-	(545,320)
Final 2024 and 2025 interim dividend declared by Sunshine Guojian	-	-	-	-	-	-	-	-	-	-	(14,502)	(14,502)
Equity-settled share incentive scheme (Note 36)	-	-	-	218,068	-	-	-	-	-	218,068	5,104	223,172
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Issue of shares (Note 35(a))	10	-	3,523,008	-	-	-	-	-	-	3,523,018	-	3,523,018
Shares issued upon exercise of share options (Note 36)	#	-	61,317	(18,979)	-	-	-	-	-	42,338	-	42,338
Shares issued upon exercise of restricted share incentive plan (Note 36)	-	-	-	(5,580)	-	-	-	-	-	(5,580)	20,968	15,388
Grant of shares under share award scheme (Note 36)	-	17,547	(9,165)	(8,382)	-	-	-	-	-	-	-	-
Transfer to retained profits	-	-	-	-	-	(37,396)	-	-	37,396	-	-	-
Others	-	-	-	-	-	-	38,501	-	-	38,501	-	38,501
At 31 December 2025	156	(218,094)	5,759,181	506,752	2,848,639	(43,879)	38,501	7,950	18,308,864	27,208,070	3,228,089	30,436,159

* These reserve accounts comprise the consolidated reserves of approximately RMB21,666,827,000 (2024: RMB12,942,412,000) in the consolidated statement of financial position.

Amount less than RMB1,000.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		10,748,090	2,718,085
Adjustments for:			
Finance costs	7	76,385	190,846
Fair value (gains)/losses on financial assets at fair value through profit or loss	5	(266,778)	297,894
Fair value gains on financial assets at derivative financial instruments	5	(23,027)	(13,823)
Fair value losses of the financial liabilities at fair value through profit or loss	5	400	—
Share of profits and losses of joint ventures and associates	18, 19	101,512	(348,932)
Interest income		(210,206)	(147,781)
Foreign exchange differences	5	208,013	(25,281)
Charge of share-based compensation costs	36	223,172	32,456
Depreciation of property, plant and equipment	6	392,028	259,729
Amortisation of other intangible assets	6	115,938	109,787
Depreciation of right-of-use assets	6	22,459	25,432
Amortisation of long-term deferred expenses	6	12,234	17,674
Recognition of deferred income	29	(37,000)	(36,582)
Provision for impairment of trade receivables	6	2,716	2,631
(Reversal of provision)/provision for impairment of prepayments, other receivables and other assets	6	(15,480)	2,835
(Reversal of provision)/provision for impairment of inventories	22	(258)	378
Provision for impairment of other intangible assets	6	35,230	41,245
Loss on deemed disposal of an associate	19	2,438	—
Gain on disposal of a subsidiary	5	(2,646)	—
Gain on disposal of an associate	5	(495)	—
Gain on disposal of an intangible asset	5	(79)	—
Loss on termination of leases	6	236	—
Loss on disposal of items of property, plant and equipment	6	14,497	15,077
		11,399,379	3,141,670
Increase in inventories		(252,290)	(18,031)
Withdrawal of pledged deposits		15,495	18,171
Decrease/(increase) in trade and notes receivables		220,931	(212,660)
(Increase)/decrease in prepayments, other receivables and other assets		(411,664)	476,109
Increase/(decrease) in trade and bills payables		65,112	(32,501)
Increase in other payables and accruals		163,417	334,417
Cash generated from operations		11,200,380	3,707,175
Income tax paid		(1,531,513)	(505,917)
Net cash flows from operating activities		9,668,867	3,201,258

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		145,252	84,106
Dividend received from an associate		63,176	446,545
Purchase of items of property, plant and equipment		(413,029)	(681,642)
Purchase of financial assets at fair value through profit or loss		(9,644,578)	(3,803,727)
Placement of non-pledged time deposits		(645,576)	(182,587)
Placement of time deposits with original maturity of more than three months		(3,514,151)	(2,540,631)
Purchase of equity investments designated at fair value through other comprehensive income		(40,487)	(335,154)
Proceeds from disposal of financial assets at fair value through profit or loss		9,785,415	3,060,347
Withdrawal of non-pledged time deposits		1,550,000	618,587
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		211,306	87,858
Withdrawal of time deposits with original maturity of more than three months		433,188	2,227,290
Loans to related parties		(14,737)	(12,380)
Repayment of loans from a related party		273,865	—
Loans to third parties		(9,810)	(77,055)
Prepayments for investment		(65,000)	—
Repayment of loans from third parties		56,979	11,702
Additions of other intangible assets		(128,329)	(281,601)
Proceeds from disposal of property, plant and equipment		4,064	8,576
Return of capital from an associate and a joint venture		116,362	—
Funds received from government grants		1,714	12,045
Net cash flows used in investing activities		(1,834,376)	(1,357,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,565,356	—
Proceeds from restricted shares exercised of a subsidiary		15,388	—
Redemption of bonds		(1,200,000)	—
Capital injections from non-controlling shareholders		2,500	2,800
Placement of pledged deposits		30,885	(1,307)
Repayments of bank borrowings		(3,094,667)	(2,797,048)
Acquisition of treasury shares		—	(242,448)
Payments for upfront fees and service fees related to a bank loan		(24,003)	—
Proceeds from issue of preferred shares of a subsidiary		353,284	—
Proceeds from bank borrowings		3,342,700	1,532,850
Principal portion of lease payments	15	(17,912)	(18,029)
Dividend paid		(559,822)	(555,088)
Interest paid		(59,400)	(175,086)
Net cash flows from/(used in) financing activities		2,354,309	(2,253,356)

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		2,142,651	2,611,161
Effect of foreign exchange rate changes on cash, net		(154,252)	(58,691)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		12,177,199	2,142,651
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and on hand	26	11,945,380	1,618,397
Restricted cash	26	231,819	524,254
Non-pledged time deposits	26	4,224,845	2,027,873
Cash and bank balances as stated in the consolidated statement of financial position		16,402,044	4,170,524
Non-pledged time deposits — current portion	26	(3,551,534)	(406,492)
Non-pledged time deposits — non-current portion	26	(673,311)	(1,621,381)
Cash and cash equivalents as stated in the consolidated statement of cash flows		12,177,199	2,142,651

Notes to Financial Statements

31 December 2025

1. Corporate and group information

3SBio Inc. (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Laws on 9 August 2006. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 11 June 2015.

The Company is an investment holding company. During the year, the subsidiaries of the Company were principally engaged in the development, production, marketing and sale of biopharmaceutical products in the People’s Republic of China (the “**PRC**”) except for Taiwan, Hong Kong and Macau (“**Chinese mainland**”).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Collected Mind Limited (“ Collected Mind ”) (集思有限公司)	British Virgin Islands 3 May 2006	United States Dollar (“ USD ”) 1	100	—	Investment holding
3SBio LLC	United States 20 February 2009	USD5,366,867	100	—	Investment holding
Strategic International Group Limited (“ Strategic International ”)	British Virgin Islands 14 June 2017	Euro (“ EUR ”) 50,000	100	—	Investment holding
Gains Prestige Limited (“ Gains Prestige ”) (澤威有限公司)	British Virgin Islands 2 September 2014	Hong Kong Dollar (“ HKD ”) 8	100	—	Investment holding
Grand Path Holdings Limited (“ Grand Path Holdings ”)	Hong Kong 13 May 2010	HKD16,000,000	100	—	Investment holding
Mandi Inc. (Cayman) (曼迪國際) (“ Mandi ”) (note)	Cayman Islands 17 October 2025	USD50,000	87.16	—	Investment holding

Notes to Financial Statements

31 December 2025

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hongkong Sansheng Medical Limited ("Hongkong Sansheng") (香港三生醫藥有限公司)	Hong Kong 3 November 2009	HKD2	—	100	Trading and investment holding
MIBIO PTE. LTD.	Singapore 13 January 2025	Singapore Dollar ("SGD") 300,000	—	100	Research and experimental development on biotechnology (excluding medical science)
3SBIO IE LIMITED	Ireland 2 September 2025	EUR1	—	100	Research and experimental development on biotechnology
3SBIO AU PTY LTD (澳洲三生有限公司)	Australia 24 January 2024	Australian Dollar ("AUD") 100	—	100	Research and development of bio-technology and drugs
Ample Harvest Investments Limited ("Ample Harvest") (溢豐投資有限公司)	British Virgin Islands 2 January 2003	USD10	—	100	Investment holding
Jingsheng Pharmaceutical Technology (Shanghai) Co., Ltd. (競生醫藥技術(上海)有限公司)	PRC/Chinese mainland**** 25 February 2021	USD2,000,000	—	100	Technology services
Shenyang Yongsheng Biopharmaceutical Technology Co., Ltd. (瀋陽詠晟生物醫藥技術有限責任公司)	PRC/Chinese mainland**** 27 May 2025	Renminbi ("RMB") 10,000,000	—	100	Manufacture and sale of pharmaceutical drugs

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangdong Sunshine Pharmaceutical Co., Ltd. ("Guangdong Sunshine") (廣東三生製藥有限公司)	PRC/Chinese mainland*** 7 December 2016	RMB110,000,000	—	100	Manufacture and sale of biopharmaceutical drugs and research and development
Shenyang Sunshine Pharmaceutical Co., Ltd. ("Shenyang Sunshine") (瀋陽三生製藥有限責任公司)	PRC/Chinese mainland**** 3 January 1993	RMB1,000,000,000	—	100	Manufacture and sale of biopharmaceutical drugs and development
Excel Partner Holdings Limited ("Excel Partner") (特隆控股有限公司)	Hong Kong 8 July 2010	HKD1	—	100	Investment holding
Sirton Pharmaceuticals S.p.A. ("Sirton") (斯通製藥有限公司)	Italy 22 November 2010	EUR300,000	—	100	Manufacture and sale of pharmaceutical drugs and research and development
3SBio (Hong Kong) Limited (三生製藥(香港)有限公司)	Hong Kong 18 May 2023	HKD1,000,000	—	100	Investment holding
Shenzhen Baishitong Technology Development Company Limited ("Shenzhen Baishitong") (深圳市百士通科技開發有限公司)	PRC/Chinese mainland** 8 March 2002	RMB500,000	—	100	Investment holding
Shenzhen Sciprogen Bio-pharmaceutical Co., Ltd. ("Sciprogen") (深圳賽保爾生物藥業有限公司)	PRC/Chinese mainland*** 22 March 1999	RMB160,000,000	—	100	Manufacture and sale of pharmaceutical drugs and research and development

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1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Liaoning Yuesheng Biotechnology Consulting Partnership (LP) (遼寧悅生生物科技諮詢合夥企業(有限合夥))	PRC/Chinese mainland** 20 November 2025	RMB20,000,000	—	100	Technical service
Liaoning Yongsheng Enterprise Management Partnership (LP) (遼寧詠生企業管理合夥企業(有限合夥))	PRC/Chinese mainland** 15 December 2025	RMB10,000,000	—	100	Business management
Taizhou Huan Sheng Consulting Management Company Ltd. (泰州環晟諮詢管理有限公司)	PRC/Chinese mainland** 29 December 2010	RMB1,000,000	—	100	Project management and consultation
Taizhou Huan Sheng Healthcare Industry Investment Centre LLP ("Taizhou Centre") (泰州環晟健康產業投資中心(有限合夥))	PRC/Chinese mainland** 30 May 2011	RMB250,000,000	—	80	Investment holding
Liaoning Sunshine Bio-Pharmaceutical Company Ltd. ("Liaoning Sunshine") (遼寧三生醫藥有限公司)	PRC/Chinese mainland** 1 February 2000	RMB15,000,000	—	100	Distribution and sale of pharmaceutical drugs
Liaoning Sansheng Private Equity Fund Management Co., Ltd. (遼寧三生私募基金管理有限公司)	PRC/Chinese mainland** 24 January 2022	RMB10,000,000	—	100	Investment holding

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Liaoning Sansheng Private Investment Fund Partnership (Limited Partnership) (遼寧三生私募投資基金 合夥企業(有限合夥))	PRC/Chinese mainland** 16 June 2023	RMB30,100,000	—	66.78	Investment holding
Shanghai Pudong Tianyu Investment Development Center (LP) (上海浦東田羽投資發展 中心(有限合夥))	PRC/Chinese mainland** 20 November 2014	RMB425,458,610	—	100	Investment advisory services
Shenyang Jiasheng Agriculture Technology Co., Ltd. (瀋陽嘉生農業科技有限責任公司)	PRC/Chinese mainland** 18 November 2020	RMB500,000	—	100	Agricultural services
Shanghai Hongshang Investment Co., Ltd. (“Shanghai Hongshang”) (上海翹楠投資諮詢有限公司)	PRC/Chinese mainland** 5 November 2015	RMB1,034,100,000	—	100	Investment holding
Shanghai Xingsheng Pharmaceutical Company Limited (“Xing Sheng”) (上海興生藥業有限公司)	PRC/Chinese mainland** 23 December 1998	RMB410,000,000	—	96.25	Investment holding
Shanghai Anran Bio-technology Co., Ltd. (“Shanghai Anran”) (上海安冉生物科技有限公司)	PRC/Chinese mainland** 21 December 2016	RMB10,000,000	—	100	Research and development of bio-technology and drugs and sale of chemical products

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31 December 2025

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Northern Medicine Valley Desen (Shenyang) Biologics Co., Ltd. ("Desen Biologics") (北方藥谷德生(瀋陽)生物 科技有限責任公司)	PRC/Chinese mainland** 26 February 2018	RMB3,830,000,000	—	90.34	Manufacture and sale of biopharmaceutical drugs and research and development
Shanghai Baike Biotechnology Co., Ltd. (上海柏艾克生物科技有限公司)	PRC/Chinese mainland** 4 January 2022	RMB1,000,000	—	100	Pharmaceutical research and development
Suzhou Xingsheng Pharmaceutical Co., Ltd. (蘇州興生製藥有限責任公司)	PRC/Chinese mainland** 30 August 2021	RMB22,000,000	—	100	Manufacture and sale of pharmaceutical drugs
Xinyisheng (Hainan) Commercial Factoring Co., Ltd. (信益生(海南)商業保理有限公司)	PRC/Chinese mainland** 22 November 2022	RMB30,000,000	—	60	Financial service
Liaoning Sunshine Technology Development Co., Ltd. (遼寧三生科技發展有限公司)	PRC/Chinese mainland** 3 February 2010	RMB10,000,000	—	100	Manufacture and sale of medical devices
Hangzhou Jiman Technology Co., Ltd. (杭州吉縵科技有限責任公司)	PRC/Chinese mainland** 7 May 2024	RMB3,000,000	—	100	Technical service
Hangzhou Shengman Technology Co., Ltd. (杭州盛縵科技有限責任公司)	PRC/Chinese mainland** 7 May 2024	RMB3,000,000	—	100	Technical service

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sunshine Mandi Limited (三生曼迪有限公司)	Hong Kong 24 July 2025	HKD10,000	—	87.16	Investment holding
Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. ("Sunshine Mandi") (浙江三生曼迪藥業有限公司)	PRC/Chinese mainland**** 27 October 1997	RMB56,500,000	—	87.16	Manufacture and sale of pharmaceutical drugs and research and development
Shenyang Liaolan Sports Co., Ltd. (瀋陽遼籃體育有限公司)	PRC/Chinese mainland** 5 September 2022	RMB2,000,000	—	98.72	Sports services
Hangzhou Mandi Pharmacy Co., Ltd. (杭州曼迪大藥房有限公司)	PRC/Chinese mainland** 11 March 2021	RMB1,000,000	—	87.16	Distribution and sale of pharmaceutical drugs
Hangzhou Mandi Huafa Clinic Co., Ltd.***** (杭州曼迪華發診所有限公司)	PRC/Chinese mainland 30 March 2023	RMB500,000	—	—	Clinic services
Sunshine Mandi (Hangzhou) Information Technology Co., Ltd. (三生曼迪(杭州)信息科技 有限公司)	PRC/Chinese mainland** 25 April 2024	RMB5,000,000	—	87.16	Technical service
Zhejiang Wansheng Pharmaceutical Co., Ltd. (浙江萬晟醫藥有限公司)	PRC/Chinese mainland** 11 September 2024	RMB10,000,000	—	94.86	Retail of pharmaceuticals
Mandi (Beijing) Information Consulting Co., Ltd. (曼迪(北京)信息諮詢有限公司)	PRC/Chinese mainland** 27 August 2025	RMB100,000	—	87.16	Enterprise management consulting

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1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Mandi (Qingdao) Information Consulting Co., Ltd. (蔓迪(青島)信息諮詢有限公司)	PRC/Chinese mainland** 27 August 2025	RMB100,000	—	87.16	Technical Service
Full Gain Pharmaceutical Limited ("Full Gain") (富健藥業有限公司)	Hong Kong 6 October 2014	HKD1	—	100	Investment holding
Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. ("Sunshine Guojian") (三生國健藥業(上海)股份有限公司)	PRC/Chinese mainland* 25 January 2002	RMB616,785,793	—	80.71	Manufacture and sale of biopharmaceutical drugs and research and development
Shanghai Shengguo Pharmaceutical Development Co., Ltd. (上海晟國醫藥發展有限公司)	PRC/Chinese mainland** 29 January 2014	RMB224,428,188	—	80.71	Technology services
Cn-Gen Mab Co., Ltd. ("Cn-Gen Mab") (中健抗體有限公司)	Hong Kong 19 September 2012	HKD383,771,138	—	80.71	Distribution and sale of pharmaceutical drugs
Sunshine Guojian Pharmaceutical (Suzhou) Co., Ltd. (三生國健藥業(蘇州)有限公司)	PRC/Chinese mainland** 25 November 2013	RMB940,000,000	—	80.71	Manufacture and sale of biopharmaceutical drugs and research and development
Dansheng Pharmaceutical Technology (Shanghai) Co., Ltd (丹生醫藥技術(上海)有限公司)	PRC/Chinese mainland** 14 July 2021	RMB100,000	—	80.71	Technology service

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
National Engineering Research Center of Antibody Medicine ("NERC") (上海抗體藥物國家 工程研究中心有限公司)	PRC/Chinese mainland** 15 January 2009	RMB260,000,000	—	49.67	Manufacture and sale of biopharmaceutical drugs and research and development

* This subsidiary was registered as a joint-stock limited company under PRC law.

** These subsidiaries were registered as limited liability companies under PRC law.

*** These subsidiaries were registered as sino-foreign joint venture enterprises under PRC law.

**** These subsidiaries were registered as wholly-foreign owned enterprises under PRC law.

***** This subsidiary was deregistered on 20 June 2025.

The English names of these companies registered in the PRC represent the best effort made by the management of the Company to directly translate their Chinese names as these companies have not been registered any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Company and its subsidiaries (together, the "Group"). To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

During the year, the Company proposed to spin-off and separately list the shares of Mandi on the Main Board of the Hong Kong Stock Exchange (the "Proposed Spin-off"). The Proposed Spin-off, if proceeded with, is expected to be implemented through (i) a distribution in specie by the Company of all the shares in Mandi that it holds to the shareholders in proportion to their respective shareholdings in the Company as of a record date to be determined by the board of directors of the Company for the purpose of ascertaining the shareholders' entitlements, and (ii) the global offering of new shares of Mandi. As at the date of approval of these financial statements, the listing of the shares of Mandi is subject to, among other things, the approvals of the relevant authorities, the final decision of the board of directors of the Company and Mandi, market and other considerations.

Notes to Financial Statements

31 December 2025

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and certain financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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

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

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Notes to Financial Statements

31 December 2025

2. Accounting policies (continued)

2.3 Issued but not yet effective IFRS accounting standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

2. Accounting policies (continued)

2.3 Issued but not yet effective IFRS accounting standards (continued)

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments.

2. Accounting policies (continued)

2.3 Issued but not yet effective IFRS accounting standards (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

2. Accounting policies (continued)

2.3 Issued but not yet effective IFRS accounting standards (continued)

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

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. Accounting policies (continued)

2.4 Material accounting policies

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

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

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

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Related parties (continued)

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Notes to Financial Statements

31 December 2025

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Land and buildings	10 to 25 years
Plant and machinery	3 to 20 years
Furniture and fixtures	3 to 10 years
Motor vehicles	4 to 10 years

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Exclusive distribution right	10 to 20 years
Patents	5 to 20 years
Technology know-how	5 to 20 years
Others	5 to 15.6 years
In Progress Research and Development (“IPR&D”)	Indefinite useful life

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

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2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

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

Leasehold land	30 to 50 years
Buildings	1 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of certain buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and other unlisted investments. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

Financial assets at fair value through profit or loss (continued)

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

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

Derecognition of financial assets

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

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

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

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets (continued)

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, bonds payable and lease liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Financial liabilities (continued)

Initial recognition and measurement (continued)

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

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Sale of biopharmaceutical products*

Revenue from the sale of biopharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally upon receipt of the biopharmaceutical products by customers.

Some contracts for the sale of biopharmaceutical products provide customers with rights of return and trade discounts, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Sale of biopharmaceutical products (continued)*

(ii) Trade discounts

Retrospective trade discounts may be provided to certain customers if they pay on a timely basis. Trade discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future trade discounts, the most likely amount method is used for contracts with the expected value method for contracts. The selected method that best predicts the amount of variable consideration is primarily driven by the credit of customers. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) *Contracts for services*

Revenue from the provision of technical services is recognised at the point in time when control of services or goods related to services is transferred to the customer.

(c) *License arrangement*

The Group's license arrangement contains more than one performance obligation, including the grant of exclusive license to intellectual property rights, clinical supply of drug substance and provision of technical support services. As part of the accounting for the license arrangement, the Group must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified in the contract. The consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(c) *License arrangement (continued)*

(i) Licensing revenue

Upfront non-refundable payments for licensing the Group's intellectual property rights are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, the Group recognises revenue from non-refundable, up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the license.

(ii) Option to license intellectual property rights

Payments for option to license the Group's intellectual property rights are evaluated to determine if the option represents a material right and is distinct from the other performance obligations identified in the arrangement. For options determined to be a material right and distinct, the Group defers the fees allocated to the option and recognises revenue at a point in time, at the earlier of when the option is exercised and when those future goods or services are transferred or when the option period expires.

(iii) Milestone payments

At the inception of a license arrangement that includes development milestone payments and regulatory milestone payments, the Group evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to the development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The Group will assess whether the variable consideration is fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to the constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty of the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(c) *License arrangement (continued)*

(iv) Royalties

For arrangements that include sales-based royalties, including sales milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

(v) Sale of drug substance

The portion of the transaction price allocated to the sale of drug substance performance obligation is recognised as revenue at the point in time when control of the asset is transferred to the licensee, generally upon the receipt of the drug substance by the licensee.

(vi) Provision of technical support services

The portion of the transaction price allocated to the provision of technical support service performance obligation is recognised as revenue over time during the period that services are rendered to the licensee.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Share-based payments

The Group operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options and awarded shares is reflected as additional share dilution in the computation of earnings per share.

Notes to Financial Statements

31 December 2025

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Other employee benefits

Pension scheme

The Group's subsidiaries operating in the Chinese mainland participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

The Group's subsidiary in Hong Kong participates in the defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Defined benefit plan

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Other employee benefits (continued)

Defined benefit plan (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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31 December 2025

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Revenue from contracts with a licensee containing multiple performance obligations

During the year, the Group entered into certain agreements with a licensee for the license of intellectual property rights containing multiple performance obligations. For these revenue contracts, significant management judgements and estimates are required to determine the appropriate accounting, including the allocation of transaction prices to performance obligations in the arrangements, especially for products and services that are not sold separately, and the timing of satisfaction of each performance obligation.

The transaction price of a license arrangement generally includes fixed and variable consideration in the form of upfront payment, contingent milestone payments and sales-based royalties. Contingent milestone payments are not included in the transaction price until it becomes probable that a significant reversal of revenue will not occur, which is generally when the specified milestone is achieved. The allocation of the transaction price to each performance obligation is based on the relative standalone selling prices of each performance obligation determined at the inception of the contract. The Group estimates the standalone selling prices based on the cost plus margin approach.

At the inception of each license contract and the end of each subsequent reporting period, the Group evaluates whether the future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. The Group evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone of development in making this assessment. There is considerable judgement involved in determining whether it is probable that a significant reversal of cumulative revenue would not occur. During the reporting period, the Group considered the nature of the milestone of development and concluded that future clinical development milestone payments were not within the control of the Group and thus were not considered probable of being achieved until those milestones were achieved.

3. Significant accounting judgements and estimates (continued)

Judgements (continued)

(b) Determining the method to estimate variable consideration and assessing the constraint for the sale of biopharmaceutical products

Certain contracts for the sale of biopharmaceutical products include a right of return and trade discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of biopharmaceutical products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of biopharmaceutical products with trade discounts, the Group determined that using a combination of the most likely amount method and the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to trade discounts is primarily driven by the credit of customers contained in the contract.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB3,039,990,000 (2024: RMB2,574,043,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

3. Significant accounting judgements and estimates (continued)

Judgements (continued)

Tax provisions

Determining tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions, and tax provisions are set up accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in the tax legislation and practices.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was approximately RMB4,172,350,000 (2024: RMB4,252,618,000). Further details are given in note 16 to the financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 23 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 45 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 2. The fair value of the unlisted equity investments at 31 December 2025 was RMB627,125,000 (2024: RMB536,840,000). Further details are included in note 20 to the financial statements.

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2025, the best estimate of the carrying amount of capitalised development costs was RMB437,515,000 (2024: RMB354,815,000).

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Details of share-based payments are contained in note 36 to the financial statements.

Useful lives and residual values of other intangible assets

The Group's management determines the useful lives, residual values and related amortisation charges for its other intangible assets. This estimate is based on the historical experience of the actual useful lives of other intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortisation charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. Operating segment information

The Group has only one operating segment, which is the development, production, marketing and sale of biopharmaceutical products.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland	7,909,559	8,850,696
USA	9,515,757	1,077
Other countries/regions	270,433	256,205
Total revenue	17,695,749	9,107,978

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	9,730,847	10,169,932
Other countries/regions	2,121,594	1,960,625
Total non-current assets	11,852,441	12,130,557

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue of approximately RMB9,506,191,000 (2024: Nil) was derived from a license arrangement with a single customer, which comprised licensing revenue, sale of drug substance and provision of technical support services (included in revenue from contract development and manufacturing operation business).

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5. Revenue, other income and gains

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sale of biopharmaceuticals	8,006,366	8,927,872
Licensing revenue	9,425,908	—
Contract development and manufacturing operation business	263,475	180,106
Total	17,695,749	9,107,978

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of biopharmaceuticals	8,006,366	8,927,872
Licensing revenue	9,425,908	—
Contract development and manufacturing operation business	263,475	180,106
Total	17,695,749	9,107,978
Geographical markets		
Chinese mainland	7,909,559	8,850,696
USA	9,515,757	1,077
Other countries/regions	270,433	256,205
Total	17,695,749	9,107,978
Timing of revenue recognition		
At a point in time	17,681,912	9,107,978
Over time	13,837	—
Total	17,695,749	9,107,978

5. Revenue, other income and gains (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of biopharmaceuticals	13,758	19,877

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of biopharmaceuticals

The performance obligation is satisfied upon receipt of the biopharmaceutical products by customers and payment is generally due within 60 to 90 days from reception, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and trade discounts which give rise to variable consideration subject to constraint.

Licensing revenue

During the year, the Group entered into certain agreements with licensees, pursuant to which the Group granted to the licensees exclusive license for the development, manufacture, and commercialisation of certain licensed products developed by the Group in certain territories. The Group usually receives non-refundable upfront payments in accordance with license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories.

For the grant of intellectual property rights, the performance obligation is satisfied at a point in time when the licensee obtains the rights to the underlying intellectual property or the related development milestone or regulatory milestone is achieved. For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at a point in time when the related sales occur.

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31 December 2025

5. Revenue, other income and gains (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Contract development and manufacturing operation business

The performance obligation is satisfied upon receipt of the technical services by customers as services are rendered and payment is generally due within 30 to 60 days from reception, except for new customers, where payment in advance is normally required.

	Note	2025 RMB'000	2024 RMB'000
<u>Other income</u>			
Government grants related to			
— Assets (a)		34,586	30,185
— Income (b)		41,010	55,422
Interest income		303,784	147,781
Others		24,784	30,103
Total other income		404,164	263,491
<u>Gains</u>			
Gain on disposal of a subsidiary		2,646	—
Gain on disposal of an associate		495	—
Gain on disposal of an intangible asset		79	—
Foreign exchange differences, net		(208,013)	25,281
Fair value gains/(losses) on financial assets at fair value through profit or loss		266,778	(297,894)
Fair value gains on derivative financial instruments		23,027	13,823
Fair value losses on financial liabilities at fair value through profit or loss	33	(400)	—
Total gains		84,612	(258,790)
Total other income and gains		488,776	4,701

Notes:

- (a) The Group has received certain government grants to purchase items of property, plant and equipment. The grants are initially recorded as deferred income and are amortised against the depreciation charge of the underlying property, plant and equipment in accordance with the assets' estimated useful lives.
- (b) The government grants have been received for the Group's contribution to the development of the local pharmaceutical industry. There are no unfulfilled conditions or contingencies attaching to these grants.

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		1,088,233	1,116,084
Cost of service provided		260,203	163,518
Depreciation of property, plant and equipment	14	392,028	259,729
Depreciation of right-of-use assets	15(a)	22,459	25,432
Amortisation of other intangible assets	17	115,938	109,787
Amortisation of long-term deferred expenses		12,234	17,674
Lease payments not included in the measurement of lease liabilities	15(c)	9,378	8,242
Auditor's remuneration		6,170	7,629
Employee benefit expenses (excluding directors' and chief executive's remuneration):			
Wages, salaries and staff welfare		1,305,231	1,266,134
Equity-settled compensation expenses		107,010	29,298
Pension scheme contributions*		124,499	105,483
Social welfare and other costs		187,452	163,799
Total		1,724,192	1,564,714
Other expenses:			
Donation		10,382	25,187
Loss on termination of leases	15	236	—
Loss on disposal of items of property, plant and equipment		14,497	15,077
Provision for impairment of trade receivables	23	2,716	2,631
(Reversal of provision)/provision for impairment of prepayments, other receivables and other assets	24	(15,480)	2,835
Provision for impairment of other intangible assets	17	35,230	41,245
Others		60,014	6,276
Total		107,595	93,251

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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7. Finance costs

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	49,931	136,735
Interest on bonds payable	24,174	50,583
Interest on lease liabilities	2,280	3,528
Total	76,385	190,846

8. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Hong Kong Stock Exchange Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	3,576	3,781
Other emoluments:		
Salaries, allowances, bonuses and other benefits	4,311	3,590
Equity-settled compensation expenses	116,162	3,158
Pension scheme contributions	271	538
Subtotal	120,744	7,286
Total	124,320	11,067

* On 23 September 2024, certain directors were granted awarded shares, in respect of their services to the Group, under the share award scheme of the Company and on 10 November 2025, one director was granted restricted shares under an equity incentive plan adopted by Mandi, further details of which are set out in note 36 to the financial statements. The fair value of awarded shares and restricted shares, which have been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for 2025 is included in the above directors' and chief executive's remuneration disclosures.

8. Directors' and chief executive's remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Ms. YANG, Hoi Ti Heidi	275	274
Mr. PU Tianruo	275	274
Mr. NG, Joo Yeow Gerry	275	274
Dr. Zhang Dan*	—	133
Total	825	955

* Dr. Zhang Dan resigned as an independent non-executive director on 25 June 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

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8. Directors' and chief executive's remuneration (continued)

(b) Executive director, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances, bonuses and other benefits RMB'000	Equity-settled compensation expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2025					
Chief executive					
Dr. Jing Lou (i)	2,142	3,457	116,162	157	121,918
Executive director					
Ms. Dongmei Su	518	854	—	114	1,486
Non-executive director					
Ms. Jiaoe ZHANG	91	—	—	—	91
Total	2,751	4,311	116,162	271	123,495

8. Directors' and chief executive's remuneration (continued)

(b) Executive director, non-executive directors and the chief executive (continued)

	Fees RMB'000	Salaries, allowances, bonuses and other benefits RMB'000	Equity-settled compensation expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024					
Chief executive					
Dr. Jing Lou (i)	2,136	2,377	3,158	446	8,117
Executive director					
Ms. Dongmei Su	512	854	—	92	1,458
Non-executive directors					
Mr. Bin Huang (ii)	131	—	—	—	131
Ms. Jiaoe ZHANG	47	359	—	—	406
Total	2,826	3,590	3,158	538	10,112

(i) Dr. Jing Lou who acts as the chief executive and the president of the Company is also an executive director of the Company.

(ii) Mr. Bin Huang retired as a non-executive director of the Company on 25 June 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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9. Five highest paid employees

The five highest paid employees during the year included the chief executive (2024: the chief executive and an executive director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: three) highest paid employees who are neither directors nor chief executives of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances, bonuses and other benefits	8,194	5,263
Equity-settled compensation expenses	3,224	600
Pension scheme contributions	453	312
Total	11,871	6,175

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HKD1,500,001 to HKD2,000,000	—	1
HKD2,000,001 to HKD2,500,000	—	1
HKD2,500,001 to HKD3,000,000	2	1
HKD3,500,001 to HKD4,000,000	2	—
Total	4	3

10. Pension scheme

The Company's subsidiaries registered in the PRC and Italy are required to participate in the retirement benefit schemes operated by the relevant local government authorities in the Chinese mainland and Italy. The relevant local government authorities in the Chinese mainland and Italy are responsible for the pension liabilities payable to retired employees. The Group was required to make contributions for those employees who are registered as permanent residents in the Chinese mainland and Italy within the scope of the relevant PRC and Italy regulations at 16% to 17% and 30% (2024: 15% to 16% and 30%) of the employees' salaries for the year, respectively.

The Company's subsidiary in Hong Kong also participates in the Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group's contributions to the retirement benefit schemes for the year ended 31 December 2025 amounted to approximately RMB124,770,000 (2024: RMB106,021,000).

11. Income tax

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

Pursuant to the relevant rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been made during the year as the Group had no assessable profits arising in Hong Kong.

Shenyang Sunshine, Sciprogen, Sunshine Mandi, NERC and Sunshine Guojian are qualified as High and New Technology Enterprises for the year ended 31 December 2025 and are entitled to a preferential income tax rate of 15%. The remaining PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income. In accordance with relevant Italian tax regulations, Siron is subject to income tax at a rate of 27.9% (2024: 27.9%).

Notes to Financial Statements

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11. Income tax (continued)

An analysis of the provision for tax in the financial statements is as follows:

	2025 RMB'000	2024 RMB'000
Current	1,653,397	522,004
Deferred	(1,418)	(21,468)
Total tax charge for the year	1,651,979	500,536

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the Chinese mainland to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	10,748,090	2,718,085
At the PRC's statutory income tax rate of 25%	2,687,023	679,521
Preferential income tax rates applicable to subsidiaries	(934,239)	(235,212)
Additional deductible allowance for research and development expenses	(221,939)	(173,162)
Income not subject to tax	(26,921)	(68,088)
Adjustments in respect of current tax of previous periods	(27,519)	67,742
Effect of non-deductible expenses	43,144	129,016
Profits and losses attributable to joint ventures and associates	44,469	(7,038)
Tax losses not recognised	92,729	29,423
Others	(4,768)	78,334
Tax charge at the Group's effective rate	1,651,979	500,536

The effective tax rate of the Group for the year ended 31 December 2025 was 15.4% (2024: 18.4%).

11. Income tax (continued)

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available and the exposure was recorded in current tax.

12. Dividends

	2025 RMB'000	2024 RMB'000
Proposed 2024 final — HKD25 cents per ordinary share	545,320	—
Proposed 2023 final — HKD25 cents per ordinary share	—	545,302

A final dividend in respect of the year ended 31 December 2024 of HKD25 cents per share was proposed pursuant to a resolution passed by the Board on 25 March 2025 and was approved at the annual general meeting of the Company on 25 June 2025. The dividend had been paid to the shareholders of the Company during the reporting period.

13. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,418,814,396 (2024: 2,423,500,054) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent as adjusted to reflect the dilution effect of the restricted shares issued by the subsidiaries of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to Financial Statements

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13. Earnings per share attributable to ordinary equity holders of the parent (continued)

The calculations of basic and diluted earnings per share are based on:

	2025	2024
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic earnings per share	8,482,164	2,090,320
Effect of dilutive potential ordinary shares:		
Adjustment in relation to restricted shares issued by the subsidiaries of the Company	(23,642)	—
Earnings for the purpose of diluted earnings per share	8,458,522	2,090,320
Number of shares		
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	2,418,814,396*	2,423,500,054
Effect of dilution — weighted average number of ordinary shares:		
Share options	6,615,081	—
Awarded shares	40,103,176	43,107,688
Total	2,465,532,653	2,466,607,742

* The weighted average number of shares was after taking into account the effect of treasury shares held.

14. Property, plant and equipment

2025

	Land and buildings RMB'000	Plant and Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2024 and at 1 January 2025						
Cost	1,849,475	2,141,626	365,193	15,611	2,470,418	6,842,323
Accumulated depreciation	(518,563)	(1,037,037)	(282,025)	(11,237)	—	(1,848,862)
Net carrying amount	1,330,912	1,104,589	83,168	4,374	2,470,418	4,993,461
At 1 January 2025, net of accumulated depreciation	1,330,912	1,104,589	83,168	4,374	2,470,418	4,993,461
Additions	21,900	75,565	49,643	1,096	252,242	400,446
Disposals	(14,548)	(6,383)	(1,419)	(154)	—	(22,504)
Depreciation provided during the year	(184,904)	(157,495)	(48,341)	(1,288)	—	(392,028)
Transfers	1,139,802	243,368	4,283	—	(1,387,453)	—
Exchange realignment	3,099	10,799	204	11	102	14,215
Reclassification	(48,513)	48,769	(256)	—	—	—
At 31 December 2025, net of accumulated depreciation	2,247,748	1,319,212	87,282	4,039	1,335,309	4,993,590
At 31 December 2025						
Cost	2,921,080	2,519,255	408,932	16,133	1,335,309	7,200,709
Accumulated depreciation	(673,332)	(1,200,043)	(321,650)	(12,094)	—	(2,207,119)
Net carrying amount	2,247,748	1,319,212	87,282	4,039	1,335,309	4,993,590

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14. Property, plant and equipment (continued)

A freehold land with a carrying amount of approximately RMB2,879,000 as at 31 December 2025 (2024: RMB2,631,000) is situated in Italy.

The Group is in the process of applying for the title certificates of certain of its buildings with an aggregate book value of approximately RMB8,968,000 as at 31 December 2025 (2024: RMB38,316,000). The Company's directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2025.

At 31 December 2025, certain of the freehold land and buildings, which had aggregate carrying amounts of approximately RMB2,879,000 and RMB31,520,000 (2024: RMB2,631,000 and RMB30,584,000), respectively, were pledged to secure general banking facilities granted to the Group (note 31).

2024

	Land and buildings RMB'000	Plant and Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2023 and at 1 January 2024						
Cost	1,421,139	2,002,417	335,703	16,249	2,533,751	6,309,259
Accumulated depreciation	(437,229)	(917,151)	(251,178)	(11,549)	—	(1,617,107)
Net carrying amount	983,910	1,085,266	84,525	4,700	2,533,751	4,692,152
At 1 January 2024, net of accumulated depreciation						
Additions	409	68,118	28,897	860	493,209	591,493
Disposals	(8,546)	(12,266)	(2,594)	(245)	—	(23,651)
Depreciation provided during the year	(87,586)	(131,321)	(39,422)	(1,400)	—	(259,729)
Transfers	444,223	98,636	13,074	466	(556,399)	—
Exchange realignment	(1,498)	(3,844)	(1,312)	(7)	(143)	(6,804)
At 31 December 2024, net of accumulated depreciation	1,330,912	1,104,589	83,168	4,374	2,470,418	4,993,461
At 31 December 2024						
Cost	1,849,475	2,141,626	365,193	15,611	2,470,418	6,842,323
Accumulated depreciation	(518,563)	(1,037,037)	(282,025)	(11,237)	—	(1,848,862)
Net carrying amount	1,330,912	1,104,589	83,168	4,374	2,470,418	4,993,461

15. Leases

The Group as a lessee

The Group has lease contracts for certain land and buildings. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Some of the leased office equipment have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024	334,258	41,348	375,606
Additions	—	23,882	23,882
Depreciation charge	(9,739)	(15,693)	(25,432)
As at 31 December 2024 and 1 January 2025	324,519	49,537	374,056
Additions	—	32,865	32,865
Depreciation charge	(9,592)	(12,867)	(22,459)
Termination of leases	—	(413)	(413)
As at 31 December 2025	314,927	69,122	384,049

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15. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	46,929	37,548
New leases	32,865	23,882
Accretion of interest recognised during the year	2,280	3,528
Payments	(17,912)	(18,029)
Termination of leases	(177)	—
Carrying amount at 31 December	63,985	46,929
Analysed into:		
Current portion	19,115	15,269
Non-current portion	44,870	31,660

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	2,280	3,528
Depreciation charge of right-of-use assets	22,459	25,432
Expense relating to short-term leases (included in administrative expenses)	9,364	8,230
Expense relating to leases of low-value assets (included in administrative expenses)	14	12
Loss on termination of leases	236	—
Total amount recognised in profit or loss	34,353	37,202

16. Goodwill

	RMB'000
Cost at 1 January 2024	4,199,458
Exchange realignment	53,160
Cost and net carrying amount at 31 December 2024	4,252,618
Cost at 1 January 2025	4,252,618
Exchange realignment	(80,268)
Cost and net carrying amount at 31 December 2025	4,172,350
At 31 December 2025:	
Cost	4,172,350
Accumulated impairment	—
Net carrying amount	4,172,350

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the group of biopharmaceutical products cash-generating units (“CGUs”), which is the sole group of CGUs of the Group.

The recoverable amount of the group of CGUs has been determined based on a value in use calculation using cash flow projections which are based on financial forecast approved by the Company’s directors covering a period of five years (the “Forecast Period”). The discount rate applied to the cash flow projections is 12.0% (2024: 12.0%), which is determined by reference to the average rate for similar industries and the business risk of the relevant business units. The growth rate used to extrapolate the cash flows beyond the Forecast Period is 2.0% (2024: 2.0%).

In the opinion of the Company’s directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of CGUs to exceed the recoverable amount.

16. Goodwill (continued)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the group of CGUs as at 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Gross margins — Gross margins are based on the average gross margins achieved in the year immediately before the forecast year and are increased over the Forecast Period for anticipated efficiency improvements and expected market development.

Discount rate — The discount rate used is after tax and reflects specific risks relating to the relevant group of CGUs.

Growth rates — The growth rates are based on historical sales over the last three years and expected growth rates of the pharmaceutical market according to published industry research.

The values assigned to the key assumptions are consistent with external information sources.

17. Other intangible assets

2025

	Exclusive	Technology				Total
	distribution	know-how	Patents	IPR&Ds	Others	
	right					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost at 1 January 2025, net of accumulated amortisation and impairment	1,368	980,121	339,225	354,815	8,981	1,684,510
Additions	113,208	—	—	117,930	1,203	232,341
Disposal	—	—	—	—	(659)	(659)
Amortisation provided during the year	(6,399)	(71,391)	(36,537)	—	(1,611)	(115,938)
Impairment provided during the year	—	—	—	(35,230)	—	(35,230)
Exchange realignment	(29)	—	(956)	—	590	(395)
At 31 December 2025	108,148	908,730	301,732	437,515	8,504	1,764,629
At 31 December 2025						
Cost	121,808	1,834,273	627,469	529,986	83,161	3,196,697
Accumulated amortisation and impairment	(13,660)	(925,543)	(325,737)	(92,471)	(74,657)	(1,432,068)
Net carrying amount	108,148	908,730	301,732	437,515	8,504	1,764,629

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17. Other intangible assets (continued)

2024

	Exclusive distribution right RMB'000	Technology know-how RMB'000	Patents RMB'000	IPR&Ds RMB'000	Others RMB'000	Total RMB'000
Cost at 1 January 2024, net of accumulated amortisation and impairment	1,451	1,051,653	332,011	159,171	10,165	1,554,451
Additions	—	—	43,128	236,889	1,584	281,601
Amortisation provided during the year	(104)	(71,532)	(35,914)	—	(2,237)	(109,787)
Impairment provided during the year	—	—	—	(41,245)	—	(41,245)
Exchange realignment	21	—	—	—	(531)	(510)
At 31 December 2024	1,368	980,121	339,225	354,815	8,981	1,684,510
At 31 December 2024						
Cost	8,648	1,834,273	628,425	412,056	81,349	2,964,751
Accumulated amortisation and impairment	(7,280)	(854,152)	(289,200)	(57,241)	(72,368)	(1,280,241)
Net carrying amount	1,368	980,121	339,225	354,815	8,981	1,684,510

Impairment testing of IPR&Ds

IPR&Ds were either acquired from a third party or capitalised in accordance with the accounting policies for research and development costs in note 2.4 to the financial statements. The useful life of IPR&Ds is considered indefinite until the completion or abandonment of the related research and development efforts. IPR&Ds are not amortised but tested individually for impairment annually. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable.

The recoverable amounts of IPR&Ds have been determined based on a value in use calculation using cash flow projections which are based on financial forecast approved by the Company's directors. The discount rates applied to the six cash flow projections are 13.2% (2024: 13.3% to 21.0%), which are determined by reference to the average rates for in progress research and development projects with similar business risk and after taking into account the risk premium in connection with the related research and development efforts.

17. Other intangible assets (continued)

Impairment testing of IPR&Ds (continued)

Due to the changes in the Company's strategic arrangement of research and development, directors of the Company has decided to terminate one research and development project and impairment was fully provided during the year.

In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of IPR&Ds to exceed their recoverable amounts.

Assumptions were used in the value in use calculation of IPR&Ds as at 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of IPR&Ds:

Discount rates — The discount rates used are before tax and reflect specific risks in respect of the related research and development efforts.

Royalty rates — The royalty rates are based on similar royalty rates charged by third parties in the pharmaceutical and biotech industry.

Growth rates — The growth rates used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate of the Group taking into account the industry growth rate, past experience and the medium-term or long-term growth target of the Group.

The values assigned to the key assumptions are consistent with external information sources.

18. Investments in joint ventures

	2025 RMB'000	2024 RMB'000
Share of net assets	997	637

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18. Investments in joint ventures (continued)

Particulars of the Group's joint ventures are as follows:

Name	Place of registration and business	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
Liaoning Sunshine Bio-Pharmaceutical Investment Fund Management Partnership LLP ("Sunshine Bio-Pharmaceutical Fund")	PRC/Chinese mainland	50	50	50	Health industry investment management
Shenyang Sunshine Logistics Co., Ltd. ("Shenyang Sunshine Logistics")	PRC/Chinese mainland	50	50	50	Logistics services

The following table illustrates the aggregate financial information of the Group's joint ventures that is not individually material:

	2025 RMB'000	2024 RMB'000
Return of capital	(850)	—
Share of the joint ventures' gains/(losses) for the year	1,210	(1,628)
Aggregate carrying amount of the Group's investments in joint ventures	997	637

19. Investments in associates

	2025 RMB'000	2024 RMB'000
Share of net assets	252,089	498,519

19. Investments in associates (continued)

Particulars of the Group's material associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Liaoning Sunshine Medical Industry Investment Fund Partnership LLP (“Sunshine Medical Industry Fund”)	Ordinary shares	PRC/Chinese mainland	66.01	Investment holding
Shanghai Corinline Diagnostics Technology Ltd. (“Corinline”)	Ordinary shares	PRC/Chinese mainland	8.00	Research and development
Numab Therapeutics AG (“Numab”)	Preferred shares	Switzerland	5.48	Research and development

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' (losses)/gains for the year	(102,722)	350,560
Return of capital	(115,512)	—
Loss on deemed disposal of an associate	(2,438)	—
Dividends declared from an associate*	(63,176)	(446,545)
Share of the associates' other comprehensive income	(1,083)	1,188
Others	38,501	—
Aggregate carrying amount of the Group's investments in associates	252,089	498,519

* During the year, Numab generated a gain from the disposal of certain businesses to a third party and distributed cash dividends amounting to USD8,876,000 (equivalent to approximately RMB63,176,000) to the Group in proportion to its equity interests in Numab (2024: USD62,424,000 (equivalent to approximately RMB446,545,000)).

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20. Equity investments designated at fair value through other comprehensive income

	2025 RMB'000	2024 RMB'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value	147,797	281,111
Unlisted equity investments, at fair value	627,125	536,840
Total	774,922	817,951

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. Deferred tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2025			Total RMB'000
	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Others RMB'000	
At 1 January 2025	189,047	2,136	57,652	248,835
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(11,763)	1,253	(7,108)	(17,618)
Gross deferred tax liabilities at 31 December 2025	177,284	3,389	50,544	231,217

21. Deferred tax (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

Deferred tax assets

	2025						Total RMB'000
	Accruals RMB'000	Impairment/ write-off of inventories, other intangible assets, and financial assets RMB'000	Depreciation for tax purposes RMB'000	Government grants RMB'000	Losses available for offsetting against future taxable profits RMB'000	Others RMB'000	
At 1 January 2025	46,054	52,538	10,556	21,937	87,051	77,781	295,917
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	3,117	36,681	1,615	64	(5,360)	(52,317)	(16,200)
(Charged) to the consolidated statement of comprehensive income	–	–	–	–	–	(821)	(821)
Gross deferred tax assets at 31 December 2025	49,171	89,219	12,171	22,001	81,691	24,643	278,896

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21. Deferred tax (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

Deferred tax liabilities

	2024			Total RMB'000
	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Others RMB'000	
At 1 January 2024	201,826	—	48,728	250,554
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(12,779)	2,136	8,924	(1,719)
Gross deferred tax liabilities at 31 December 2024	189,047	2,136	57,652	248,835

Deferred tax assets

	2024						Total RMB'000
	Accruals RMB'000	Impairment/ write-off of inventories, other intangible assets, and financial assets RMB'000	Depreciation for tax purposes RMB'000	Government grants RMB'000	Losses available for offsetting against future taxable profits RMB'000	Others RMB'000	
At 1 January 2024	47,221	33,189	10,061	24,431	92,883	66,819	274,604
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	(1,167)	19,349	495	(2,494)	(5,832)	9,398	19,749
Deferred tax credited to the consolidated statement of comprehensive income	—	—	—	—	—	1,564	1,564
Gross deferred tax assets at 31 December 2024	46,054	52,538	10,556	21,937	87,051	77,781	295,917

21. Deferred tax (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008.

At 31 December 2025, no deferred tax liabilities have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland (2024: Nil).

In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised was approximately RMB17,815,186,000 (2024: RMB10,974,998,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses arising in the Chinese mainland (a)	1,075,522	901,206
Tax losses arising in Hong Kong and other countries	1,964,468	1,672,837
Total	3,039,990	2,574,043

Note:

- (a) The tax losses arising in the Chinese mainland would expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

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22. Inventories

	2025 RMB'000	2024 RMB'000
Raw materials	372,416	275,895
Work in progress	333,546	302,105
Finished goods	261,799	155,248
Consumables and packaging materials	83,332	65,555
Total	1,051,093	798,803
Impairment	(3,354)	(3,612)
Net carrying amount	1,047,739	795,191

23. Trade and notes receivables

	2025 RMB'000	2024 RMB'000
Trade receivables	1,069,403	1,312,969
Notes receivable	68,209	45,574
Total	1,137,612	1,358,543
Provision for impairment of trade receivables	(56,099)	(53,383)
Net carrying amount	1,081,513	1,305,160

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

23. Trade and notes receivables (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	452,382	743,850
1 to 3 months	497,356	491,003
3 to 6 months	30,934	16,054
6 months to 1 year	29,139	9,620
1 to 2 years	11,842	7,530
Over 2 years	47,750	44,912
Total	1,069,403	1,312,969

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	53,383	50,752
Impairment losses, net	2,716	2,631
At end of year	56,099	53,383

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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23. Trade and notes receivables (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Ageing						Total
	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Over 2 years	
Expected credit loss rates	0.32%	0.32%	0.32%	0.32%	42.81%	100.00%	5.25%
Gross carrying amount (RMB'000)	452,382	497,356	30,934	29,139	11,842	47,750	1,069,403
Expected credit losses (RMB'000)	1,470	1,616	100	94	5,069	47,750	56,099

As at 31 December 2024

	Ageing						Total
	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Over 2 years	
Expected credit loss rates	0.43%	0.43%	0.43%	0.43%	40.66%	100.00%	4.07%
Gross carrying amount (RMB'000)	743,850	491,003	16,054	9,620	7,530	44,912	1,312,969
Expected credit losses (RMB'000)	3,189	2,111	69	41	3,061	44,912	53,383

24. Prepayments, other receivables and other assets

	2025 RMB'000	2024 RMB'000
Prepayments, other receivables and other assets		
— current portion:		
Due from related parties — current portion*	21,188	423,520
Deposits and other receivables	363,699	197,039
Deductible input VAT and prepaid income tax	246,707	168,002
Other prepayments	256,504	165,116
	888,098	953,677
Impairment allowance	(76,954)	(212,539)
Total	811,144	741,138
Prepayments, other receivables and other assets		
— non-current portion:		
Advance payments for property, plant and equipment	158,790	217,595
Other non-current assets	96,157	109,161
Due from related parties — non-current portion*	149,895	—
	404,842	326,756
Impairment allowance	(120,105)	—
Total	284,737	326,756

* Further details of due from related parties are included in note 42.

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24. Prepayments, other receivables and other assets (continued)

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	2025 RMB'000	2024 RMB'000
Balances at beginning of the year	212,539	209,704
Impairment losses, net	(15,480)	2,835
At end of year	197,059	212,539

Other receivables mainly represent the Group's receivables from related parties and third parties. According to the related party's and third party's historical credit, repayment and mortgage information, the loss given default was estimated to be 1% within one year, 56% from one year to two years and 100% for more than two years.

25. Financial assets at fair value through profit or loss

	2025 RMB'000	2024 RMB'000
Unlisted investments, at fair value	3,857,665	3,769,187

The above unlisted investments were treasury or cash management products issued by banks and other financial institutions in the Chinese mainland and Hong Kong as well as certain unlisted equity investments. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

26. Cash and cash equivalents and pledged deposits

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	11,945,380	1,618,397
Restricted cash	231,819	524,254
Pledged deposits	132,188	178,568
Non-pledged time deposits	4,224,845	2,027,873
Subtotal	16,534,232	4,349,092
Less:		
Pledged deposits	(132,188)	(178,568)
Cash and bank balances	16,402,044	4,170,524
Less:		
Non-pledged time deposits — current portion	(3,551,534)	(406,492)
Non-pledged time deposits — non-current portion	(673,311)	(1,621,381)
Cash and cash equivalents	12,177,199	2,142,651

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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26. Cash and cash equivalents and pledged deposits (continued)

The Group's cash and bank balances and deposits as at 31 December 2025 are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
Denominated in:		
– RMB	3,500,124	2,953,324
– HKD	1,890,014	39,986
– USD	9,954,903	1,211,301
– EUR	125,870	144,315
– Japanese Yen (“JPY”)	–	2
– AUD	56	163
– Great Britain Pound (“GBP”)	–	1
– SGD	1,113	–
– Swiss Franc (“CHF”)	1,062,152	–
	16,534,232	4,349,092

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of the reporting period. Deposits of approximately RMB132,188,000 (2024: RMB178,568,000) have been pledged to secure letters of credit, bank acceptance bills and pending lawsuits and arbitration as at 31 December 2025.

27. Trade and bills payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	215,196	152,171
3 to 6 months	18,023	24,752
Over 6 months	11,454	2,638
Total	244,673	179,561

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

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28. Other payables and accruals

	2025 RMB'000	2024 RMB'000
Accrued selling and marketing expenses	948,451	916,876
Accrued salaries, bonuses and welfare expenses	169,958	192,806
Contract liabilities (a)	211,528	23,537
Taxes payable (other than income tax)	49,749	63,792
Payable to vendors of property, plant and equipment, other intangible assets and research and development service fee	211,579	215,581
Payable for licence-in upfront payment	—	179,698
Others	179,104	129,606
Total	1,770,369	1,721,896

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers</i>			
Contract development and manufacturing operation business	162,611	3,475	6,089
Sale of biopharmaceuticals	34,909	20,062	17,152
Licensing revenue	14,008	—	—
Total	211,528	23,537	23,241

(b) Other payables are non-interest-bearing.

29. Deferred income

	2025 RMB'000	2024 RMB'000
At beginning of the year	417,421	441,308
Received during the year		
— Government grants (a)	21,875	12,695
Less: Recognition during the year		
— Government grants (a)	(37,000)	(36,582)
— Other deductions	(1,330)	—
Total	400,966	417,421
Less: Deferred income — current portion		
— Government grants (a)	(26,968)	(27,131)
Total deferred income — non-current portion	373,998	390,290

Note:

- (a) The grants relate to the subsidies received from the government for compensation for expenses arising from research and the improvement of manufacturing facilities on certain special projects. Upon completion of the related projects and the final assessment of the relevant government authorities, the grants related to the expense items will be recognised as other income directly in the consolidated statement of profit or loss when such expense items have been incurred by the Group and the grants related to an asset will be released to the consolidated statement of profit or loss over the expected useful life of the relevant asset.

30. Derivative financial instruments

	2025 RMB'000	2024 RMB'000
Foreign currency swaps	11,786	8,547

The Group has entered into foreign currency swaps agreements with certain banks. The foreign currency swaps are not designated for hedge purpose and are measured at fair value through profit or loss.

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31. Interest-bearing bank and other borrowings

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	2.00-2.11	2026	730,193	2.27-3.03	2025	1,993,750
Bank loan — secured	1.70-2.15	2026	1,100,395	2.10	2025	250,000
Bonds payable (note 32)	—	—	—	4.20	2025	1,226,098
Total — current			1,830,588			3,469,848
Non-current						
Bank loan — unsecured	2.35	2031	690,335	—	—	—
Bank loans — secured	2.75	2028	32,942	2.75	2028	37,628
Total — non-current			723,277			37,628
Total			2,553,865			3,507,476

31. Interest-bearing bank and other borrowings (continued)

	2025 RMB'000	2024 RMB'000
Interest-bearing bank borrowings denominated in:		
– RMB	2,520,923	800,374
– HKD	–	721,367
– EUR	32,942	759,637
Total	2,553,865	2,281,378

	2025 RMB'000	2024 RMB'000
Analysed into:		
Within one year or on demand	1,830,588	2,243,750
In the second to third years, inclusive	32,942	–
In the third to sixth years, inclusive	690,335	37,628
Total	2,553,865	2,281,378

Notes:

- (a) For the year ended 31 December 2025, the bank borrowings bear interest at fixed interest rates ranging from 1.70% to 2.75% (31 December 2024: 2.10% to 3.03%) per annum.
- (b) Certain of the Group's bank borrowings are secured by mortgages over the Group's freehold land and buildings.
- (c) The Group has entered into certain recourse factoring agreements with certain bank for financing purposes. As at 31 December 2025, none of trade receivables (31 December 2024: RMB251,803,000) had been transferred under recourse factoring agreements.

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32. Bonds payable

On 26 June 2023, the Company issued unsecured non-listed bonds in an aggregate amount of RMB1,200,000,000. The bonds were priced at par at RMB100 each, carrying interest at a fixed rate of 4.20% per annum. The Company repaid the bonds on 25 June 2025.

	31 December 2025 RMB'000	31 December 2024 RMB'000
Bonds payable	—	1,226,098
Amount repayable:		
Within one year	—	1,226,098

33. Financial liabilities at fair value through profit or loss

The movements of the financial liabilities at fair value through profit or loss during the year are set out as below:

	2025 RMB'000
As at 1 January 2025	—
Issuance of preferred shares of Mandi	353,284
Exchange realignment	(1,418)
Changes in fair value of the financial liabilities	400
As at 31 December 2025	352,266

On 17 November 2025, the Company and Mandi entered into an investment agreement with certain independent pre-IPO investors (the “**Pre-IPO Investment Agreement**”), pursuant to which the pre-IPO investors of Mandi made a total investment of USD49,856,000 (equivalent to approximately RMB353,284,000) for the subscription of 344 of Mandi’s newly issued Series A preferred shares, together with another 344 of Mandi’s Series A preferred shares that were owned by the Company and transferred from the Company to the pre-IPO investors. The key terms, special rights, preferences and privileges of the Series A preferred shares are summarised as follows:

33. Financial liabilities at fair value through profit or loss (continued)

Conversion features

All Series A preferred shares shall be converted into ordinary shares of Mandi immediately before the completion of a qualified listing or as required by the holders of the Series A preferred shares. The number of ordinary shares of Mandi to which a holder of Series A preferred shares shall be entitled upon conversion of each such Series A preferred share shall be the quotient of the applicable issue price divided by the then effective applicable conversion price.

Redemption rights

Upon the occurrence of any of the following events (a) the withdrawal of the listing application by Mandi, (b) the rejection of the listing application; or (c) 30 June 2027, if the proposed listing is not completed by then, as stipulated in the relevant investment agreements, any holders of the Series A preferred shares may at their discretion require Mandi and the Company to jointly and severally redeem any or all of the outstanding shares held by such holders at the redemption price which represent the investment amount, plus an interest at an annual rate of 6% calculating from the issuance date, plus any dividend declared but not collected by such holder.

With the consideration that the pre-IPO investors may jointly and severally redeem any or all of the Series A preferred shares, the amount to be settled by the Group to the pre-IPO investors is accounted for financial liabilities at fair value through profit or loss.

Liquidation preferences

In the event of any liquidation including but not limited to insolvency liquidation, dissolving liquidation and deemed liquidation (as stipulated in the relevant investment agreements) (together, the “**Liquidation Event**”), the holders of Series A preferred shares shall be entitled to receive the amount equal to the original investment amount with interest at an annual interest rate of 6% calculating from the issuance date of the Series A preferred shares, and limited by the Mandi’s consolidated net assets.

Pursuant to the Pre-IPO Investment Agreement, (i) the redemption rights of the Pre-IPO Investors has been automatically terminated and cease to be effective immediately upon the first filing of the listing application by Mandi, but shall again become exercisable upon the earliest of (a) the withdrawal of the listing application by Mandi; (b) the rejection of the listing application; or (c) 30 June 2027, if the proposed listing is not completed by then, and (ii) all other special rights granted by Mandi to the pre-IPO Investors will be of no force and effect upon the completion of the listing. No special rights granted by Mandi to the pre-IPO Investors will survive after the listing.

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33. Financial liabilities at fair value through profit or loss (continued)

Liquidation preferences (continued)

The Group adopted option-pricing method and equity allocation model to determine the fair value of the liabilities arising from the joint and several repurchase obligations. The Group engaged an independent qualified valuation specialist to perform the valuation. Key assumptions are set out as below:

Risk-free interest rate (%)	3.69
Expected volatility (%)	43.07

34. Other non-current liabilities

	2025 RMB'000	2024 RMB'000
Retirement benefit obligations (a)	5,229	4,473
Contract liabilities (b)	19,906	—
Total	25,135	4,473

(a) Retirement benefit obligations

The Italian subsidiary of the Group operates an unfunded defined benefit plan, namely the Italian staff leaving indemnity (the “TFR”). The TFR is classified as a defined benefit pension plan, which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

In 2007, with the Italian labour law reform, it was decided that the End-of-Service Benefit (“TFR”) accrued each month starting from January 2008 would be paid monthly to a private external fund or social institution, transforming the contribution to the pension plan into a defined contribution plan. It was also decided that the remaining TFR balances by the end of 2007 would be recorded as non-current liabilities to be paid to employees upon retirement. Such TFR balances are subject to actuarial valuation in accordance with IAS 19.

34. Other non-current liabilities (continued)

(a) Retirement benefit obligations (continued)

The TFR benefit liability represents the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligations are calculated annually by the independent actuary, Doctor Fabrizio Marino, using the project unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows. Actuarial gains and losses arising from the changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

The plan is exposed to inflation risk and the risk of changes in the life expectancy of the plan members.

The principal actuarial assumptions used at the end of the reporting period are as follows:

	2025
Discount rate (%)	
Expected rate of future pension cost increases by (%) — 2026	1.4
Expected rate of future pension cost increases by (%) — 2027	1.6
Expected rate of future pension cost increases by (%) — 2028	1.8
Expected rate of future pension cost increases by (%) — from 2029	1.8
	2024
Discount rate (%)	
Expected rate of future pension cost increases by (%) — 2025	1.5
Expected rate of future pension cost increases by (%) — 2026	1.5
Expected rate of future pension cost increases by (%) — 2027	2.0
Expected rate of future pension cost increases by (%) — from 2028	2.0

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34. Other non-current liabilities (continued)

(a) Retirement benefit obligations (continued)

A quantitative sensitivity analysis for significant assumption as at the end of the reporting period is shown below:

	Increase in rate (%)	Net decrease in defined benefit obligations RMB'000	Decrease in rate (%)	Net increase in defined benefit obligations RMB'000
2025				
Discount rate	0.5	(250)	0.5	212
2024				
Discount rate	0.5	(154)	0.5	552

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2025 RMB'000	2024 RMB'000
Current service cost	300	248
Interest cost	156	140
Net benefit expenses	456	388
Recognised in finance costs	456	388

34. Other non-current liabilities (continued)

(a) Retirement benefit obligations (continued)

The movements in the present value of the defined benefit obligations are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	4,473	4,603
Current service cost	300	248
Interest cost	156	140
Benefit paid	(92)	(668)
Actuarial gain	(28)	344
Exchange realignment	420	(194)
At 31 December	5,229	4,473

The plan has no defined benefit plan assets.

The Group does not expect to make further contributions to the defined benefit plan in future years.

The average duration of the defined benefit obligations at the end of the reporting period was 15 years (2024: 15 years).

(b) Details of contract liabilities are as follows:

	31 December 2025 RMB'000
<i>Long-term advances received from customers</i>	
Contract development and manufacturing operation business	19,906
Total	19,906

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35. Share capital

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
2,538,005,412 (2024: 2,395,573,912) ordinary shares	156	146

2025

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Ordinary shares of USD0.00001 each at 31 December 2024 and 1 January 2025	2,395,573,912	146	2,729,341	2,729,487
Issue of shares (a)	136,312,000	10	3,523,008	3,523,018
Share options exercised (b)	6,119,500	—	61,317	61,317
Share awards exercised	—	—	(9,165)	(9,165)
Final 2024 dividend declared (Note 12)	—	—	(545,320)	(545,320)
Ordinary shares of USD0.00001 each at 31 December 2025	2,538,005,412	156	5,759,181	5,759,337

Notes:

(a) On 24 July 2025, the Company entered into a subscription agreement with Pfizer Inc. ("Pfizer"), pursuant to which Pfizer conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot, 31,142,500 subscription shares. The completion of this share placement took place on 1 August 2025 and a total of 31,142,500 subscription shares were issued to Pfizer at a total consideration of RMB714,953,000.

On 2 December 2025, the Company entered into a placing agreement with the sole placing agent, pursuant to which the Company conditionally agreed to place, through the sole placing agent, an aggregate of 105,169,500 placing shares to not less than six placees. The completion of this share placement took place on 9 December 2025 and an aggregate of 105,169,500 placing shares were placed by the sole placing agent at a total consideration of RMB2,808,065,000.

(b) During the year, 6,119,500 shares were issued for share options excised under the share option scheme adopted by the Company (Note 36).

35. Share capital (continued)

2024

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Ordinary shares of USD0.00001 each at 31 December 2023 and 1 January 2024	2,438,920,412	149	3,517,283	3,517,432
Shares cancelled	(43,346,500)	(3)	(242,640)	(242,643)
Final 2023 dividend declared (Note 12)	—	—	(545,302)	(545,302)
Ordinary shares of USD0.00001 each at 31 December 2024	2,395,573,912	146	2,729,341	2,729,487

Treasury shares

	Number of shares	Treasury shares RMB'000
At 1 January 2024	40,357,688	235,641
Repurchased	—	242,448
Cancelled	—	(242,448)
At 31 December 2024	40,357,688	235,641
Share awards exercised	(3,004,512)	(17,547)
At 31 December 2025	37,353,176	218,094

36. Share incentive schemes

Share option scheme adopted by the Company

On 26 September 2016, a total of 20,000,000 share options, each of which entitles the holders to subscribe for one ordinary share of the Company at an exercise price of HKD9.10, under the post-IPO share option scheme of the Company adopted on 23 May 2015 and amended on 28 June 2016 (the “**Share Option Scheme**”), were granted to TMF (Cayman) Ltd. (“**TMF**”), as the trustee of The Empire Trust (the “**Grantee**”), a trust established by the Company for the beneficiaries who are executive directors and employees of the Group and its holding companies, and any other persons as nominated from time to time by the advisory committee of the Grantee that is established with the authority of the board of the directors of the Company. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

On 2 February 2017, the Company and the Grantee had agreed that the grant of 20,000,000 share options which was approved by the board on 22 September 2016 was cancelled at nil consideration. By the date of cancellation, no beneficiary had been nominated by the advisory committee of the Grantee and no options had been designated to any beneficiary, and thus the Group did not recognise any share-based payment expenses in relation to the cancelled 20,000,000 share options. On the same date, a total of 20,000,000 share options, each of which entitles the holders to subscribe for one ordinary share of the Company at an exercise price of HKD7.62 (which is the highest of the closing price of HKD7.30 per share and the average closing price of HKD7.62 per share) were granted to TMF, as the trustee of the Grantee under the Share Option Scheme for the benefits of the designated beneficiaries. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

36. Share incentive schemes (continued)

Share option scheme adopted by the Company (continued)

The following share options were outstanding under the Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price HKD per share	Number of options	Weighted average exercise price HKD per share	Number of options
At 1 January	7.62	16,486,000	7.62	16,486,000
Exercised during the year	7.62	(6,119,500)	—	—
At 31 December	7.62	10,366,500	7.62	16,486,000

The fair value of the share options at the grant date is estimated using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual life of each option granted is ten years. There is no cash settlement of the share options. The fair value of share options granted on 2 February 2017 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	39.63
Risk-free interest rate (%)	1.91
Expected contractual life of share options (years)	10.00
Underlying share price (RMB)	6.45
Exercise price of each share option (RMB)	6.73

At the end of the reporting period, the Company had 10,366,000 share options outstanding under the Share Option Scheme, which represented approximately 0.41% of the Company's shares in issue as at that date.

As the vesting period has passed, the share options have been fully amortised for the year ended 31 December 2025. No share-based payment expenses have been recorded in the consolidated statement of profit or loss during the year ended 31 December 2025 (2024: Nil).

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36. Share incentive schemes (continued)

Share award scheme adopted by the Company

Share award scheme — 2024

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel, and provide the selected participants with a direct economic interest in establishing a long-term relationship with the Group. On 23 September 2024, the board of directors of the Company approved the adoption of the share award scheme and granted 40,357,688 shares at nil consideration to 270 employees of the Group. The share award is subject to vesting conditions, and the awarded shares will lapse if the vesting conditions are not met.

The following awarded shares were outstanding under the share award scheme during the year:

	Number of awarded shares	
	2025	2024
At 1 January	40,357,688	—
Granted during the year	—	40,357,688
Exercised during the year	(3,004,512)	—
At 31 December	37,353,176	40,357,688

The fair value of the awarded shares on the grant date was estimated using a binomial option pricing model, which took into account the terms and conditions under which the shares were granted. There is no cash settlement for the share awards. The fair value of the share awards granted on 23 September 2024 was estimated on the grant date using the following assumptions:

Dividend yield (%)	3.00
Expected volatility (%)	52.18-54.78
Risk-free interest rate (%)	2.53-2.69
Expected contractual life of share award (years)	4.00
Underlying share price (HKD)	5.64

In 2025, the Group had recorded share-based payment expenses of RMB88,878,000 in the consolidated statement of profit or loss (2024: RMB25,491,000).

36. Share incentive schemes (continued)

Share award scheme adopted by the Company (continued)

Share award scheme — 2019

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel and provide the selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants, on 16 July 2019, the board of the directors of the Company approved the adoption of the share award scheme and the award of a maximum of 10,000,000 shares to 37 employees of the Group. Such award is subject to vesting conditions and the awarded shares will lapse if the vesting conditions are not met. Since 23 March 2020, a total of 9,885,448 shares have been awarded to and vested with 32 employees of the Group at nil consideration.

The fair value of the awarded shares at the grant date is estimated using a binomial option pricing model, taking into account the terms and conditions upon which the awarded shares were granted. There is no cash settlement of the awarded shares. The fair value of the awarded shares granted on 23 March 2020 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	44.83
Risk-free interest rate (%)	0.86
Expected contractual life of share award (years)	10.00
Underlying share price (RMB)	5.12

The 9,885,448 awarded shares were exercised in 2023. No share-based payment expenses have been recorded in the consolidated statement of profit or loss for the year ended 31 December 2025 (2024: Nil).

Share award granted to Dr. Zhu Zhenping

On 7 September 2020, the board of the directors of the Company approved the grant of 10,000,000 shares through the share award scheme at nil consideration to Dr. Zhu Zhenping. The fair value of the 10,000,000 awarded shares granted to Dr. Zhu was approximately HKD84,400,000 on the grant date. No awarded shares were exercised during the period (2024: Nil). At the end of the reporting year, the Company had 2,750,000 awarded shares outstanding under the share award scheme, which represented approximately 0.11% of the Company's shares in issue as at that date.

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36. Share incentive schemes (continued)

Restricted share incentive plan adopted by Sunshine Guojian

Restricted share incentive plan — 2024

As part of the Group's initiatives to recognise the contributions of the selected participants, attract suitable personnel and provide the selected participants with a direct economic interest in attaining a long-term relationship between the Group and the selected participants, the board of directors of Sunshine Guojian approved the adoption of a restricted share incentive plan. Sunshine Guojian granted 5,174,500 restricted shares with an exercise price of RMB11.95 per share to 92 employees on 31 July 2024. The restricted shares are subject to vesting conditions, and will lapse if the vesting conditions are not met.

On 25 June 2025, the board of directors of Sunshine Guojian approved adjusting the exercise price of the 2024 restricted share incentive plan from RMB11.95 per share to RMB11.83 per share.

The following restricted shares were outstanding under the restricted share incentive plan during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of restricted shares	Weighted average exercise price RMB per share	Number of restricted shares
At 1 January	11.95	5,174,500	—	—
Granted during the year	—	—	11.95	5,174,500
Forfeited during the year	11.95	(540,040)	—	—
Exercised during the year	11.83	(1,300,710)	—	—
At 31 December	11.83	3,333,750	11.95	5,174,500

36. Share incentive schemes (continued)

Restricted share incentive plan adopted by Sunshine Guojian (continued)

Restricted share incentive plan — 2024 (continued)

The fair value of the restricted shares on the grant date was estimated using a binomial option pricing model, which took into account the terms and conditions under which the restricted shares were granted. There is no cash settlement for the restricted shares. The fair value of the restricted shares granted on 31 July 2024 was estimated on the grant date using the following assumptions:

Dividend yield (%)	1.50
Expected volatility (%)	21.89-24.85
Risk-free interest rate (%)	1.53-1.82
Expected contractual life of the restricted shares (years)	4.00
Underlying share price (RMB)	17.86

Sunshine Guojian further granted 1,157,000 restricted shares with an exercise price of RMB11.83 per share to 43 employees on 25 June 2025 under the restricted share incentive plan. The restricted shares are subject to vesting conditions, and will lapse if the vesting conditions are not met.

The following restricted shares were outstanding under the restricted share incentive plan during the year:

	Weighted average exercise price RMB per share	Number of restricted shares
At 1 January 2025	—	—
Granted during the year	11.83	1,157,000
At 31 December 2025	11.83	1,157,000

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36. Share incentive schemes (continued)

Restricted share incentive plan adopted by Sunshine Guojian (continued)

Restricted share incentive plan — 2024 (continued)

The fair value of the restricted shares on the grant date was estimated using a binomial option pricing model, which took into account the terms and conditions under which the restricted shares were granted. There is no cash settlement for the restricted shares. The fair value of the restricted shares granted on 25 June 2025 was estimated on the grant date using the following assumptions:

Dividend yield (%)	1.50
Expected volatility (%)	48.37—54.46
Risk-free interest rate (%)	1.37—1.41
Expected contractual life of the restricted shares (years)	3.00
Underlying share price (RMB)	54.50

In 2025, the Group had recorded share-based payment expenses of RMB26,459,000 in the consolidated statement of profit or loss (2024: RMB6,965,000).

An equity incentive plan adopted by Mandi

On 10 November 2025, as part of the Group's initiatives to incentivize the performance of its directors, senior management and employees, the board of directors of Mandi has resolved to issue 640 restricted shares to selected participants as a recognition and reward of the selected participants' contributions to operation and development of the Group. Certain restricted units granted to a director is at nil cash consideration, while the remaining units which are granted to the selected participants who are director and employees of Mandi are required to pay approximately RMB63,900 per restricted share and approximately RMB191,726 per restricted share, respectively. The restricted shares are subject to vesting conditions and will lapse if the vesting conditions are not met.

Other than the 350 restricted shares granted to Chairman and non-executive Director of Mandi, which will vest immediately on the date of grant, the remaining restricted shares granted to a director and employees are subject to vesting conditions.

36. Share incentive schemes (continued)

An equity incentive plan adopted by Mandi (continued)

The following restricted shares were outstanding under the equity incentive plan during the year:

	2025	
	Weighted average exercise price HKD per share	Number of restricted shares
At 1 January	—	—
Granted during the year	0.00-210,000	640
Exercised during the year	—	(350)
At 31 December	70,000-210,000	290

The fair value of the restricted shares on the grant date was estimated using the discounted cash flow method, based on the underlying equity value of Mandi, which took into account the terms and conditions under which the restricted shares were granted. There is no cash settlement for the restricted shares. The fair value of the restricted shares granted on 10 November 2025 was estimated on the grant date using the following assumptions:

Equity value (RMB'mil)	3,081
Discount rate (%)	12.60
Risk-free interest rate (%)	1.85—3.15
Discount For Lack Of Marketability (“ DLOM ”) (%)	8.0
Expected volatility (%)	41.1

In 2025, the Group recorded share-based payment expenses of RMB107,835,000 in the consolidated statement of profit or loss.

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37. Reserves

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Statutory surplus reserves

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 1 to the financial statements are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations and their respective articles of association, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the dividend distribution to shareholders.

38. Notes to the consolidated statement of cash flows

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB32,865,000 and RMB32,865,000, respectively, in respect of lease arrangements for certain buildings (2024: RMB23,882,000 and RMB23,882,000).

(b) Changes in liabilities arising from financing activities

2025

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Bonds payable RMB'000
At 1 January 2025	2,281,378	46,929	1,226,098
Changes from financing cash flows	177,617	(17,912)	(1,249,306)
New leases	—	32,865	—
Termination of leases	—	(177)	—
Interest accrual	48,557	2,280	24,167
Exchange realignment	46,313	—	(959)
At 31 December 2025	2,553,865	63,985	—

2024

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Bonds payable RMB'000
At 1 January 2024	3,574,336	37,548	1,225,959
Changes from financing cash flows	(1,386,261)	(18,029)	(50,964)
New leases	—	23,882	—
Interest accrual	130,151	3,528	50,583
Exchange realignment	(36,848)	—	520
At 31 December 2024	2,281,378	46,929	1,226,098

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38. Notes to the consolidated statement of cash flows (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	9,378	8,242
Within financing activities	17,912	18,029
Total	27,290	26,271

39. Contingent liabilities

Arbitration of Sunshine Guojian

In July 2021, Aohai Biotechnology (Shanghai) Co., Ltd. ("Aohai") filed an arbitration application with Shanghai International Economic and Trade Arbitration Commission for a dispute with regard to its collaboration with Sunshine Guojian and the application has been accepted. Aohai requested to terminate its cooperation agreement with Sunshine Guojian signed in December 2015 with a compensation of RMB131.4 million. In August 2021, Sunshine Guojian received the dispute notice with a compensation of RMB131.1 million. In December 2022, Aohai altered the dispute application with a compensation of RMB401.02 million. At the date of approval of the consolidated financial statements, the arbitration is still in progress.

The directors of the Company have performed an assessment on the Group's exposure to this arbitration and, after considering the advice from the Group's external legal advisor, are of the opinion that the possibility of the compensation is remote. There is no significant impact to the consolidated financial statements as at 31 December 2025.

40. Pledge of assets

Details of the Group's interest-bearing bank and other borrowings which are secured by the assets of the Group are included in note 31 to the financial statements.

41. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Plant and machinery	151,644	435,272
Capital contribution payable to funds	—	466,667
Total	151,644	901,939

42. Related party transactions

Details of the Group's principal related parties are as follows:

Company	Relationship
Shenyang Sunshine Logistics Co., Ltd. ("Shenyang Sunshine Logistics")	Joint venture
Tieling Staff Hospital ("Tieling Staff Hospital")	Associate
Dalian Huansheng Medical Management Co., Ltd. ("Dalian Huansheng")	Under control of certain middle management personnel of the Company
Zhejiang Sunshine Pharmaceutical Co., Ltd ("Zhejiang Sunshine")	Under control of certain middle management personnel of the Company
Medical Recovery Limited ("Medical Recovery")	Under control of directors of the Company
Shanghai Huansheng Enterprise Consulting Co., Ltd. ("Shanghai Huansheng")	A non-controlling shareholders of Liaoning Sansheng Private Investment Fund Partnership (Limited Partnership)
Shanghai Sunshine Guojian Biotechnology Research Institute ("Guojian Biotechnology")	A private non-enterprise unit set up by Sunshine Guojian

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42. Related party transactions (continued)

(a) The Group had the following other transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Lease from Shenyang Sunshine Logistics	1,372	3,828
Services received from Dalian Huansheng	4,949	6,362
Lease to Guojian Biotechnology	55	55
Services received from Guojian Biotechnology	—	600
Sales of products to Tieling Staff Hospital	883	767
Total	7,259	11,612

* The service prices were negotiated by the Group and the related parties with reference to the market price.

(b) The Group had the following loans and with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Loans to Dalian Huansheng	(i)	25,169	12,549
Loans to Zhejiang Sunshine	(ii)	85,000	86,100
Loans to Medical Recovery	(iii)	—	267,843
Loans to Tieling Staff Hospital	(iv)	37,163	35,646
Loans to Shanghai Huansheng	(v)	12,857	10,070
Total		160,189	412,208

Notes:

(i) It represents a loan to Dalian Huansheng with the principal amount of RMB10,000,000 at an annual interest rate of 4.35% per annum. Pursuant to a supplemental agreement dated 25 May 2023, the maturity date was extended to 25 May 2024 and the interest rate was changed to 3.29%. Pursuant to the supplemental agreements dated 25 May 2024, and 25 May 2025, the maturity dates were further extended to 26 May 2025 and 26 May 2028, respectively. The accrued interest for the year ended 31 December 2025 was RMB191,000 (2024: RMB310,000).

On 1 December 2025, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB12,000,000 to Dalian Huansheng at an annual interest rate of 2.11% per annum, and a maturity date of 30 November 2028. The accrued interest during the year amounted to RMB26,000.

42. Related party transactions (continued)

(b) The Group had the following loans and with related parties during the year: (continued)

Notes: (continued)

- (ii) On 8 August 2019, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB30,000,000 to Zhejiang Sunshine at an annual interest rate of 3.48% per annum. In 2023, Shenyang Sansheng waived interest payable by Zhejiang Sansheng amounting to RMB4,391,000 and the loan was changed to an interest-free loan with a principal amount of RMB30,000,000. Pursuant to a supplemental agreement dated 7 August 2024, the maturity date was extended to 7 August 2025. Pursuant to a supplemental agreement dated 7 August 2025, the maturity date was further extended to 7 August 2028.

On 30 November 2020, Shenyang Sunshine provided an entrusted loan with the principal amount of RMB55,000,000 to Zhejiang Sunshine at an annual interest rate of 3.15% per annum. In 2023, Shenyang Sansheng waived interest payable by Zhejiang Sansheng amounting to RMB5,203,000 and the loan was changed to an interest-free loan with a principal amount of RMB55,000,000. Pursuant to a supplemental agreement dated 16 December 2024, the maturity date was extended to 16 December 2025. Pursuant to another supplemental agreement dated 30 November 2025, the maturity date was extended to 16 December 2028.

- (iii) It represents a loan to Medical Recovery with the principal amount of USD30,000,000 at an annual interest rate of 4.00% per annum and a maturity date on 17 July 2023, which was secured by mortgages over all assets of Medical Recovery. Pursuant to a supplemental agreement dated 17 July 2023, the maturity date was extended to 17 July 2026. Medical Recovery fully repaid the loan on 10 October 2025. Medical Recovery is a company set up for purposes of The Sun Shine Trust. The Sun Shine Trust is a gratuitous incentive scheme set up by certain directors of the Group and it was established prior to the listing of the Company and Medical Recovery is considered a related party of the Group.

- (iv) Pursuant to a tripartite creditor's rights agreement dated 5 August 2024, Sunshine Mandi obtained the right to two loans to Tieling Staff Hospital from a third party with a total principal amount of RMB32,700,000 and reduced the third party's loan by the same amount. The loans consist of a loan with a principal amount of RMB27,200,000 at an annual interest rate of 4.50% per annum and a maturity date of 31 December 2027 and a loan with a principal amount of RMB5,500,000 at an annual interest rate of 3.29% per annum and a maturity date of 31 December 2029. On 19 November 2025, Sunshine Mandi transferred this loan to Shenyang Sunshine. The accrued interest during the year was RMB1,154,000 and RMB184,000.

On 1 September 2024, Sunshine Mandi provided a loan with a principal amount of RMB2,380,000 to Tieling Staff Hospital at an annual interest rate of 3.29% per annum and a maturity date of 31 December 2029. On 19 November 2025, Sunshine Mandi transferred this loan to Shenyang Sunshine. The accrued interest during the year was RMB80,000.

- (v) On 15 September 2024, Shenyang Sunshine provided a loan with a principal amount of RMB10,000,000 to Shanghai Huansheng at an annual interest rate of 2.50% per annum and a maturity date of 14 September 2026. The accrued interest during the year amounted to RMB250,000.

On 25 May 2025, Shenyang Sunshine provided a loan with a principal amount of RMB2,500,000 to Shanghai Huansheng at an annual interest rate of 2.50% per annum and a maturity date of 21 May 2027. The accrued interest during the year amounted to RMB37,000.

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42. Related party transactions (continued)

(c) Outstanding balances with related parties:

The Group had the following balances with its related parties at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Due from related parties		
Medical Recovery	—	200,779
Tieling Staff Hospital	16,086	35,757
Shanghai Huansheng	6,875	10,070
Shenyang Sunshine Logistics	—	3,836
Dalian Huansheng	11,880	26
Net carrying amount	34,841	250,468

(d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Fees	3,576	3,781
Other emoluments:		
Salaries, allowances, bonuses and other benefits	12,505	11,105
Equity-settled compensation expenses	119,387	4,137
Pension scheme contributions	725	1,088
Subtotal	132,617	16,330
Total	136,193	20,111

Further details of directors' remuneration are included in note 8.

43. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total RMB'000
	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Equity investment RMB'000	Financial assets at amortised cost RMB'000	
	Equity investments designated at fair value through other comprehensive income	—	—	774,922	
Derivative financial instruments	—	11,786	—	—	11,786
Financial assets at fair value through profit or loss	3,857,665	—	—	—	3,857,665
Financial assets included in prepayments, other receivables and other assets	—	—	—	541,384	541,384
Trade and notes receivables	—	—	—	1,137,612	1,137,612
Cash and bank balances	—	—	—	16,402,044	16,402,044
Pledged deposits	—	—	—	132,188	132,188
Total	3,857,665	11,786	774,922	18,213,228	22,857,601

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43. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

2025 (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	244,673
Financial liabilities included in other payables and accruals	1,327,408
Interest-bearing bank and other borrowings	2,553,865
Liabilities arising from preferred shares	352,266
Total	4,478,212

43. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

2024

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total
	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Equity investment RMB'000	Financial assets at amortised cost RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	817,951	—	817,951
Derivative financial instruments	—	8,547	—	—	8,547
Financial assets at fair value through profit or loss	3,769,187	—	—	—	3,769,187
Financial assets included in prepayments, other receivables and other assets	—	—	—	637,867	637,867
Trade and notes receivables	—	—	—	1,358,543	1,358,543
Cash and bank balances	—	—	—	4,170,524	4,170,524
Pledged deposits	—	—	—	178,568	178,568
Total	3,769,187	8,547	817,951	6,345,502	10,941,187

Notes to Financial Statements

31 December 2025

43. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

2024 (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	179,561
Financial liabilities included in other payables and accruals	1,434,547
Interest-bearing bank and other borrowings	2,281,378
Bonds payable	1,226,098
Total	5,121,584

44. Transfers of financial assets

As at 31 December 2025, the Group endorsed certain notes receivable (the “**Derecognised Bills**”) accepted by major banks in the Chinese mainland (the “**PRC banks**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount totalling RMB9,088,000 (2024: RMB6,904,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Group had not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsements had been made evenly throughout the year.

45. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
<u>Financial assets</u>				
Equity investments designated at fair value through other comprehensive income	774,922	817,951	774,922	817,951
Financial assets at fair value through profit or loss	3,857,665	3,769,187	3,857,665	3,769,187
Non-pledged time deposits: non-current	673,311	1,621,381	662,701	1,630,866
Derivative financial instruments	11,786	8,547	11,786	8,547
Total	5,317,684	6,217,066	5,307,074	6,226,551
<u>Financial liabilities</u>				
Interest-bearing bank borrowings: non-current	723,277	37,628	705,711	37,174
Bonds payable	—	1,226,098	—	1,226,098
Total	723,277	1,263,726	705,711	1,263,272

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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45. Fair value and fair value hierarchy of financial instruments (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings, lease liabilities, bonds payable and non-pledged time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") multiple and price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent treasury or cash management products issued by banks and other financial institutions in the Chinese mainland and other countries. The Group has estimated the fair value of an unlisted investment by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

45. Fair value and fair value hierarchy of financial instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Discount for lack of marketability	2025: (10%) to 10% (2024: (10%) to 10%)	10% (2024: 10%) increase/decrease in discount would result in decrease/increase in fair value of RMB2,416,000/RMB2,416,000, respectively (2024: RMB2,644,000/RMB2,644,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	147,797	—	—	147,797
Unlisted equity investments	—	627,125	—	627,125
Financial assets at fair value through profit or loss:				
Treasury or cash management products	586,247	3,271,418	—	3,857,665
Derivative financial instruments	—	11,786	—	11,786
Total	734,044	3,910,329	—	4,644,373

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45. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investments	281,111	—	—	281,111
Unlisted equity investments	—	536,840	—	536,840
Financial assets at fair value through profit or loss:				
Treasury or cash management products	2,354,337	1,414,850	—	3,769,187
Derivative financial instruments	—	8,547	—	8,547
Total	2,635,448	1,960,237	—	4,595,685

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 31 December 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2024: Nil), and there were no transfers of fair value measurements from Level 3 to Level 1 for financial assets (2024: Nil).

45. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-pledged time deposits:				
non-current	—	662,701	—	662,701

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-pledged time deposits:				
non-current	—	1,630,866	—	1,630,866

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45. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings: non-current	—	705,711	—	705,711
Total	—	705,711	—	705,711

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings: non-current	—	37,174	—	37,174
Bonds payable	—	1,226,098	—	1,226,098
Total	—	1,263,272	—	1,263,272

46. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, lease liabilities, bonds payable and cash short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade and notes receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors and senior management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to fluctuations in the prevailing market interest rates on cash and cash equivalents, and pledged and non-pledged deposits. Management considers that these bank balances are not sensitive to fluctuations in interest rates.

The Group's interest rate risk relates primarily to bank borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The Group's interest rate profile as monitored by management is set out in note 31 to the financial statements.

Foreign currency risk

The Group's business is mainly located in the Chinese mainland and most transactions are conducted in RMB. Most of the Group's assets and liabilities were denominated in RMB, except for certain bank balances denominated in USD, HKD, GBP, JPY, AUD, EUR, SGD and CHF as disclosed in note 26, non-current portion of interest-bearing bank borrowings denominated in HKD and EUR as disclosed in note 31 to the financial statements.

The Group's assets and liabilities denominated in HKD, USD and EUR were mainly held by the Company and certain subsidiaries incorporated outside the Chinese mainland which had HKD, USD and EUR as their functional currencies.

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31 December 2025

46. Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2025, all pledged deposits and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and notes receivables*	—	—	—	1,137,612	1,137,612
Financial assets included in prepayments, other receivables and other assets*					
— Normal**	541,384	—	—	—	541,384
— Doubtful**	—	—	—	—	—
Pledged deposits — Not yet past due	132,188	—	—	—	132,188
Cash and bank balances					
— Not yet past due	16,402,044	—	—	—	16,402,044
Total	17,075,616	—	—	1,137,612	18,213,228

46. Financial risk management objectives and policies (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade and notes receivables*	—	—	—		1,358,543	1,358,543
Financial assets included in prepayments, other receivables and other assets*						
— Normal**	637,867	—	—		—	637,867
— Doubtful**	—	—	—		—	—
Pledged deposits — Not yet past due	178,568	—	—		—	178,568
Cash and bank balances						
— Not yet past due	4,170,524	—	—		—	4,170,524
Total	4,986,959	—	—		1,358,543	6,345,502

* For trade and notes receivables, financial assets included in prepayments, other receivables and other assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 and note 24 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade and notes receivables are widely dispersed in different regions.

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46. Financial risk management objectives and policies (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds based on the maturity of its financial assets and financial liabilities and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, bonds payable, lease liabilities and issue of new debts or equity instruments. The directors have reviewed the Group's profitability, working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for trade payables covered by the arrangements are either identical to the payment terms for other trade payables or extended to not more than 180 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 29 to the financial statements.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2025			Total RMB'000
	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Financial liabilities:				
Trade and bills payables	244,673	—	—	244,673
Financial liabilities included in other payables and accruals	1,327,408	—	—	1,327,408
Interest-bearing bank and other borrowings	1,830,588	32,942	690,335	2,553,865
Lease liabilities	18,929	43,688	10,371	72,988
Total	3,421,598	76,630	700,706	4,198,934

46. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Group (continued)

	2024			Total RMB'000
	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
	Financial liabilities:			
Trade and bills payables	179,561	—	—	179,561
Financial liabilities included in other payables and accruals	1,434,547	—	—	1,434,547
Interest-bearing bank and other borrowings	2,243,750	37,628	—	2,281,378
Bonds payable	1,226,098	—	—	1,226,098
Lease liabilities	17,454	9,607	26,478	53,539
Total	5,101,410	47,235	26,478	5,175,123

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in equity investments designated at fair value through other comprehensive income (note 20) as at 31 December 2025 and 31 December 2024. The Group's major listed equity investments during the year ended 31 December 2025 were listed on the Euronext Stock Market ("**Euronext**") and Hong Kong Exchanges and Clearing Market ("**HKEX**") and were valued at quoted market prices at the end of the reporting period.

At 31 December 2025, if the quoted market price of these financial assets held by the Group had increased/decreased by 10%, with all other variables held constant, other comprehensive income and equity would have been RMB14,780,000 (2024: RMB28,111,000) and RMB14,780,000 (2024: RMB28,111,000) higher/lower respectively as a result of the changes in fair value of these financial assets.

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46. Financial risk management objectives and policies (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or debt instruments. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025.

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings, lease liabilities and bonds payable divided by the total equity.

The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Interest-bearing bank and other borrowings (note 31)	2,553,865	2,281,378
Lease liabilities (note 15(b))	63,985	46,929
Bonds payable (note 32)	—	1,226,098
Net debt	2,617,850	3,554,405
Total equity	30,436,159	18,036,330
Gearing ratio	8.6%	19.7%

47. Event after the reporting period

A final dividend in respect of the year 2025 of HKD0.25 per share was proposed pursuant to a resolution passed by the Board of the Company on 30 March 2026 and subject to the approval of the shareholders at the 2025 annual general meeting of the Company.

On 30 March 2026, the board of directors and the board of supervisors of Sunshine Guojian reviewed and approved the profit distribution plan for the year 2025, which included a cash dividend of RMB278,138,926.35 (equivalent to a cash dividend of RMB0.45 per share). This profit distribution plan was still subject to the approval of the 2025 annual general meeting of Sunshine Guojian.

48. Statement of financial position of the company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	3,821,750	3,284,761
Equity investments designated at fair value through other comprehensive income	209,868	334,115
Total non-current assets	4,031,618	3,618,876
CURRENT ASSETS		
Due from subsidiaries	1,229,714	2,275,320
Financial assets at fair value through profit or loss	30,122	8
Cash and cash equivalents	3,089,060	10,930
Total current assets	4,348,896	2,286,258
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	1,030,394	722,009
Bonds payable	—	1,226,098
Derivative financial instruments	41,722	—
Other payables and accruals	1,467,443	1,304,168
Total current liabilities	2,539,559	3,252,275
NET CURRENT ASSETS/(LIABILITIES)	1,809,337	(966,017)
Net assets	5,840,955	2,652,859
EQUITY		
Share capital	156	146
Share premium (note)	5,668,058	2,638,218
Treasury shares	(218,094)	(235,641)
Other reserves (note)	390,835	250,136
Total equity	5,840,955	2,652,859

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48. Statement of financial position of the company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Contributed surplus RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	3,426,160	112,221	(129,069)	349,457	(140,707)	3,618,062
Total comprehensive income for the year	—	—	(26,113)	40,385	18,471	32,743
Final 2023 dividend	(545,302)	—	—	—	—	(545,302)
Shares cancelled	(242,640)	—	—	—	—	(242,640)
Equity-settled share incentive scheme (note 36)	—	25,491	—	—	—	25,491
At 31 December 2024	2,638,218	137,712	(155,182)	389,842	(122,236)	2,888,354
Total comprehensive income for the year	—	—	60,045	(85,215)	104,352	79,182
Final 2024 dividend	(545,320)	—	—	—	—	(545,320)
Issue of shares (Note 35(a))	3,523,008	—	—	—	—	3,523,008
Shares issued upon exercise of share options (note 36)	61,317	(18,979)	—	—	—	42,338
Grant of shares under share award scheme (note 36)	(9,165)	(8,382)	—	—	—	(17,547)
Transfer to retained profits	—	—	(37,205)	—	37,205	—
Equity-settled share incentive scheme (note 36)	—	88,878	—	—	—	88,878
At 31 December 2025	5,668,058	199,229	(132,342)	304,627	19,321	6,058,893

49. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.