



**CANbridge Pharmaceuticals Inc.**  
**北海康成製藥有限公司**

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 1228

**Annual Report**  
**2025**



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# DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

<b>“AGM” or “Annual General Meeting”</b>	the annual general meeting of the Company to be convened and held through online access on June 23, 2026 at 9 a.m. or any adjournment thereof
<b>“Articles of Association” or “Articles”</b>	the eleventh amended and restated articles of association of our Company adopted on June 24, 2022, as amended from time to time
<b>“Associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Board” or “Board of Directors”</b>	the board of directors of our Company
<b>“CEO” or “Chief Executive Officer”</b>	chief executive officer of our Company
<b>“Chief Financial Officer”</b>	chief financial officer of our Company
<b>“CG Code”</b>	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
<b>“China” or “PRC”</b>	People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
<b>“Companies Ordinance”</b>	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
<b>“Company” or “Our Company”</b>	CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“connected transaction(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Contractual Arrangement(s)”</b>	the contractual arrangements entered into between the WFOE and the VIE

## DEFINITIONS

<b>“Core Product”</b>	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
<b>“Director(s)”</b>	the directors of the Company
<b>“Dr. Xue”</b>	Dr. James Qun Xue, the founder, Chairman of the Board, executive Director and Chief Executive Officer of our Company
<b>“FDA”</b>	The United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
<b>“Global Offering”</b>	the Hong Kong public offering and the international offering of the Shares as described in the Prospectus
<b>“Group”, “our Group”, “our”, “we” or “us”</b>	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
<b>“HKD”</b>	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IFRS”</b>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<b>“Listing”</b>	the listing of the shares on the Main Board of the Stock Exchange
<b>“Listing Date”</b>	December 10, 2021
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
<b>“Memorandum” or “Memorandum of Association”</b>	the eleventh amended and restated memorandum of association of our Company adopted by special resolution on June 24, 2022, as amended from time to time
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules

## DEFINITIONS

<b>“NMPA”</b>	the National Medical Products Administration of China (中國國家藥品監督管理局)
<b>“Nomination and Corporate Governance Committee”</b>	the nomination and corporate governance committee of the Board
<b>“Post-IPO RSU Scheme”</b>	the RSU scheme adopted by our Company on November 18, 2021 and amended on June 27, 2024
<b>“Post-IPO Share Option Scheme”</b>	the share option scheme adopted by our Company on November 18, 2021 and amended on June 27, 2024
<b>“Pre-IPO Equity Incentive Plan” or “2019 Equity Incentive Plan”</b>	the 2019 equity incentive plan adopted by our Company on July 25, 2019, as amended on June 11, 2021
<b>“Prospectus”</b>	the prospectus of the Company dated November 30, 2021
<b>“Registered Shareholder”</b>	Mr. Xue Yintong (薛殷彤), an independent third party of the Group prior to the entering into of the Contractual Arrangements
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“Reporting Period”</b>	the year ended December 31, 2025
<b>“RMB”</b>	Renminbi, the lawful currency of China
<b>“SFO”</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary shares in the share capital of our Company with a nominal value of USD0.00001 each
<b>“Shareholder(s)”</b>	holder(s) of our Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Substantial Shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules

## DEFINITIONS

<b>“U.S.” or “United States”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“USD”</b>	United States dollars, the lawful currency of the United States
<b>“VIE”</b>	CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司), a company incorporated in the PRC with limited liability and wholly-owned by the Registered Shareholder
<b>“WFOE”</b>	CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
<b>“%”</b>	per cent

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director

Dr. James Qun Xue  
*(Chairman and Chief Executive Officer)*

### Non-executive Directors

Ms. Wei Zhao  
*(appointed on June 30, 2025)*

Mr. Tingwei Wang  
*(appointed on August 27, 2025)*

Dr. Fangxin Li  
*(resigned on June 25, 2025)*

### Independent Non-executive Directors

Dr. Richard James Gregory  
Mr. James Arthur Geraghty  
Mr. Peng Kuan Chan  
Dr. Lan Hu

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 9, 10th Floor  
Building 21, No. 388 Xinping Street,  
Suzhou Industrial Park,  
Suzhou, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## LEGAL ADVISER

*As to Hong Kong law:*  
Linklaters  
11th Floor, Alexandra House  
Chater Road  
Hong Kong SAR  
China

## REGISTERED OFFICE

89 Nexus Way  
Camana Bay  
Grand Cayman  
KY1-9009  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman  
KY1-9009  
Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKS

*In Hong Kong:*  
CMB Wing Lung Bank Limited

*In the PRC:*  
China Merchants Bank Shanghai Branch

## JOINT COMPANY SECRETARIES

Ms. Qian Ma  
Mr. Wai Chiu Wong  
*(resigned on March 30, 2026)*

## CORPORATE INFORMATION

### AUTHORIZED REPRESENTATIVES

Dr. James Qun Xue

Ms. Qian Ma

*(appointed on March 30, 2026)*

Mr. Wai Chiu Wong

*(resigned on March 30, 2026)*

### AUDIT COMMITTEE

Mr. Peng Kuan Chan *(Chairperson)*

Mr. James Arthur Geraghty

Dr. Richard James Gregory

### REMUNERATION COMMITTEE

Dr. Richard James Gregory *(Chairperson)*

Dr. Lan Hu

Ms. Wei Zhao

*(appointed on June 30, 2025)*

Dr. Fangxin Li

*(ceased to be a member on June 25, 2025)*

### NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. James Qun Xue *(Chairperson)*

Mr. James Arthur Geraghty

Mr. Peng Kuan Chan

Dr. Lan Hu

*(appointed on June 30, 2025)*

Mr. Tingwei Wang

*(appointed on August 27, 2025)*

Dr. Richard James Gregory

*(ceased to be a member on June 30, 2025)*

### STOCK CODE

1228

### AUDITOR

HLB Hodgson Impey Cheng Limited

*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*

31/F, Gloucester Tower

The Landmark

11 Pedder Street

Central, Hong Kong SAR

### COMPANY WEBSITE

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

# FINANCIAL HIGHLIGHTS

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

	Year ended December, 31				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
<b>REVENUE</b>	31,161	78,972	102,871	85,103	<b>49,983</b>
Cost of sales	(12,385)	(30,078)	(38,707)	(30,800)	<b>(12,658)</b>
Gross profit	18,776	48,894	64,164	54,303	<b>37,325</b>
Other income and gains	13,402	12,883	12,659	7,852	<b>101,772</b>
Selling and distribution expenses	(100,748)	86,782	(83,671)	(74,895)	<b>(47,403)</b>
Administrative expenses	(145,517)	(108,907)	(89,830)	(68,160)	<b>(36,799)</b>
Research and development expenses	(427,658)	(311,174)	(257,210)	(251,763)	<b>(45,051)</b>
Fair value changes of convertible redeemable preferred shares	(462,436)	-	-	-	-
Fair value changes of convertible loans	-	-	-	-	-
Fair value changes of derivative financial instruments	34,454	-	-	-	-
Finance costs	(3,079)	(6,863)	(8,948)	(8,584)	<b>(2,230)</b>
Written-off of right-of-use assets	-	-	-	(87,987)	<b>(729)</b>
Other expenses	(4,200)	(31,526)	(16,001)	(13,385)	<b>7,933</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(1,077,006)</b>	<b>(483,475)</b>	<b>(378,837)</b>	<b>(442,619)</b>	<b>14,818</b>
Income tax expense	-	-	-	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(1,077,006)</b>	<b>(483,475)</b>	<b>(378,837)</b>	<b>(442,619)</b>	<b>14,818</b>
Total current assets	811,711	505,160	209,864	45,352	<b>110,168</b>
Total non-current assets	80,811	196,885	185,498	71,461	<b>55,223</b>
Total current liabilities	185,780	278,105	327,945	482,610	<b>455,341</b>
Total non-current liabilities	13,351	115,385	107,205	108,691	<b>51,805</b>
Total (deficit)/equity	693,391	308,555	(39,788)	(474,488)	<b>(341,755)</b>

## FINANCIAL HIGHLIGHTS

- Our revenue decreased by RMB35.1 million or 41.2%, from RMB85.1 million for the year ended December 31, 2024 to RMB50.0 million for the year ended December 31, 2025, which was primarily due to the cessation of Nerlynx<sup>®</sup> sales in Taiwan following the expiry of Nerlynx<sup>®</sup> distribution agreement at the end of 2024, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx<sup>®</sup> sales in Taiwan, our revenue increased by RMB9.0 million, or 22.0% as compared with the same period in 2024, which was mainly attributable to Gaurunning<sup>®</sup> sales initiation in the second half of 2025.
- Our other income and gains increased by approximately RMB115.2 million, turning from a loss of RMB5.5 million for the year ended December 31, 2024 to a profit of RMB109.7 million for the year ended December 31, 2025, primarily due to a gain of RMB101.0 million arising from the US lease termination. The gain arose as the tenant, a wholly-owned subsidiary of the Company, and the US lease property's landlord entered into a termination agreement to early terminate the lease related to the US leased property on February 24, 2025 with effect from February 28, 2025. Since the right-of-use assets related to the US lease property had been fully written off as of December 31, 2024, the lease liabilities and other payables of approximately RMB97.7 million and RMB3.3 million, respectively, were derecognised and credited to profit or loss during the year ended December 31, 2025.
- Our research and development expenses decreased by approximately RMB206.7 million or 82.1%, from RMB251.8 million for the year ended December 31, 2024 to RMB45.1 million for the year ended December 31, 2025, which was mainly attributable to the NDA approval of Gaurunning<sup>®</sup> in the first half of 2025, resulting in a substantial reduction in related development activities and expenditures.
- Our administrative expenses decreased by RMB31.4 million or 46.0%, from RMB68.2 million for the year ended December 31, 2024 to RMB36.8 million for the year ended December 31, 2025. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.
- Our selling and distribution expenses decreased by approximately RMB27.5 million or 36.7%, from RMB74.9 million for the year ended December 31, 2024 to RMB47.4 million for the year ended December 31, 2025. The decrease was mainly due to the elimination of Nerlynx<sup>®</sup> sales activities and related employee costs in 2025, following the termination of its distribution agreement at the end of 2024, coupled with an increase in the sales effectiveness for rare disease products during the Reporting Period.
- Profit for the Reporting Period increased by approximately RMB457.4 million, turning from a loss of RMB442.6 million for the year ended December 31, 2024 to a profit of RMB14.8 million for the year ended December 31, 2025, which was primarily attributable to the increase of other income and gains and decrease of selling and distribution expenses, R&D expenses, and administrative expenses, and partially offset by a decline in revenue. The profit of RMB14.8 million is not due to the ordinary business and operations of the company and is non-recurring.
- The adjusted loss for the period decreased by RMB266.5 million or 76.8%, from RMB347.0 million for the year ended December 31, 2024, to RMB80.4 million for the year ended December 31, 2025. The adjusted loss for the period was arrived at by adjusting the IFRS profit/(loss) for the Reporting Period of RMB14.8 million (for the year ended December 31, 2024: loss of RMB442.6 million) through excluding the effect of share-based payment expenses, written-off of right-of-use assets and gain/(loss) on lease termination. Please refer to the section headed "Non-IFRS Measures" of this report for details.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of CANbridge Pharmaceuticals for the year ended 31 December 2025. Amid a challenging biotech environment, we stayed focused on rare disease commercialization, pipeline execution and operational efficiency, delivering meaningful progress and laying a solid foundation for sustainable growth.

In August, we entered a strategic partnership with Baheal Medical, which significantly strengthened our commercial capabilities and enhanced market penetration for Hunterase<sup>®</sup>, Livmarli<sup>®</sup> and Gaurunning<sup>®</sup> across Greater China. During the year, our class 1 innovative drug Gaurunning<sup>®</sup> received NMPA marketing approval and was included in China's first commercial health insurance innovative drug list, marking a major milestone in our in-house R&D capabilities. For our established products, Hunterase<sup>®</sup> and Livmarli<sup>®</sup> continued steady patient identification growth, supported by expanded commercial insurance coverage in dozens of cities, improving patient access to critical rare disease therapies.

Financially, the Group achieved IFRS profitability for the year, supported by a one-off gain from US lease termination and strict cost controls. Research and development, selling and distribution, and administrative expenses all decreased substantially as we optimised operational efficiency. Excluding non-recurring items, our adjusted loss narrowed significantly, demonstrating improved operational quality and cost discipline. Cash position improved notably following strategic investments from Baheal Medical and WuXi Biologics, strengthening our financial stability.

Looking forward, we will deepen our collaboration with Baheal Medical to accelerate commercial uptake of our three core products, advance late-stage pipeline programmes, and explore global opportunities for Gaurunning<sup>®</sup>. We will continue to prioritise high-value R&D, enhance market access, and pursue strategic partnerships to deliver innovative therapies to patients worldwide.

I would like to thank our dedicated employees, partners, healthcare professionals and shareholders for their continued trust and support.

Sincerely,

**Dr. James Qun Xue**

*Chairman*

March 30, 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Founded in 2012, CANbridge is a global biopharmaceutical company, with a foundation in China, committed to the research, development and commercialization of transformative therapies to treat rare diseases and oncology. As of December 31, 2025, we have a comprehensive pipeline of 7 drug assets targeting prevalent rare diseases that have high unmet needs and significant market potential. The robust pipelines include 3 marketed products and 1 drug candidates at the late clinical stage. Given the challenging macro environment, including volatile capital markets and limited biotech funding, CANbridge has further prioritized the key programs with significant development and regulatory milestones occurring in the coming year.

We are led by a management team with significant industry experience in rare diseases, spanning R&D, clinical development, regulatory affairs, business development and commercialization. As of December 31, 2025, we have streamlined the workforce to 41 full-time employees. Our management team has a track record of successfully achieving approval and commercializing of rare disease therapies across the key markets, including Greater China and the United States (U.S). We leverage this expertise to play an active role in advancing the rare disease industry and shaping the rare disease ecosystem in China. For example, our founder, Dr. Xue, Ph.D., is currently serving as the Deputy Director General of China's Alliance for Rare Disease (CHARD).

Since our inception in 2012, we have built a comprehensive portfolio of therapeutics, consisting of biologics, small molecules and gene therapies that target diseases with validated mechanisms of action. We will continue to prioritize and optimize our pipeline through out-licensing, partnerships and collaborations with academic institutions, as well as with in-house R&D.

In the rare disease area, we have seven biologic and small molecule product candidates. These include MPS II (Hunter syndrome) and other lysosomal storage disorders (LSDs), complement-mediated disorders, hemophilia A, metabolic disorders and rare cholestatic liver diseases including ALGS and Progressive Familial Intrahepatic Cholestasis (PFIC).

- We received marketing approval for Hunterase® (CAN101) for the treatment of MPS II in mainland China in September 2020.
- We received marketing approval for Livmarli® for the treatment of ALGS in mainland China, Hong Kong and Taiwan in 2023.
- In 2024, we announced expansion of Livmarli® label to include ALGS patients as young as 3 months in mainland China, marketing approval for the treatment of cholestatic pruritus in PFIC aged 3 months and older in Taiwan and the expansion of Livmarli® label to include ALGS patients as young as 2 months in Taiwan.
- We announced a positive preliminary CAN106 Phase 1b data for a multiple ascending dose study in PNH patients in China in June 2023. Results showed promising efficacy and safety with a dose- dependent reduction of LDH levels and an increase in hemoglobin levels that demonstrate clinically meaningful hemolysis inhibition and improvement in transfusion-dependent anemia.

## MANAGEMENT DISCUSSION AND ANALYSIS

- In May 2025, we announced marketing approval of Gaurunning<sup>®</sup>, a class 1 new drug for treating type I and III Gaucher disease, in China.
- In December 2025, we announced inclusion of Gaurunning<sup>®</sup> (Velaglucerase-beta for Injection), a class 1 innovative drug, in China's first commercial health insurance innovative drug list.

In addition to biologics and small molecules, we are investing in next-generation technology for gene therapy. Gene therapy provides a potentially one-time, durable treatment for rare genetic diseases with limited treatment options. In November 2024, CANbridge and Scriptr announced publication in the journal *Science* reporting the discovery of the StitchR™ RNA assembly technology and its application for the treatment of muscular dystrophies. We continue to evaluate additional technology and pipeline opportunities, both internally and externally. These efforts are intended to support the Company's transition to a pipeline portfolio strategy focused on "First-in-Class (FIC)" and "Best-in-Class (BIC)" products and to capture value creating partnering opportunities in the future.

### Market opportunities in the rare disease industry

The global rare disease industry focuses on developing medicines for diseases affecting a small number of people. Rare diseases have unique characteristics that create an efficient market for therapeutic development. Most rare diseases are caused by genetic mutations that lead to a better understanding of the disease, increasing the chance of successful R&D. Sales efforts for rare disease drugs are more targeted due to the limited number of specialists and tertiary care hospitals treating these patients. A favorable regulatory environment, like the Orphan Drug Act and expedited approval pathways in the United States, helps to accelerate the development and commercialization of rare disease drugs. In 2024, the sales of rare disease therapies surpassed 300 billion USD, and is expected to grow to 400 billion USD in 2032 ([www.fiercepharma.com](http://www.fiercepharma.com)).

The rare disease markets in developing countries are relatively underpenetrated, due to limited access to rare disease diagnosis and treatments.

The rare disease industry in China is expected to benefit from various regulatory initiatives. China has simplified the rare disease treatment application process, streamlined the regulatory approval pathway by allowing the submission of clinical data from global trials, and is moving towards a more favorable reimbursement policy. In 2018, China released the First National List of Rare Diseases, encompassing 121 rare conditions. In 2023, the second edition of the list was unveiled, incorporating 86 additional rare diseases. With this latest update, China's rare disease catalog now encompasses a total of 207 rare conditions across both editions.

## MANAGEMENT DISCUSSION AND ANALYSIS

On January 17, 2025, NHTSA announced 2025 NRDL adjustment to introduce a new Class C category, namely the commercial health insurance innovative drug list. It supplements existing Class A and B, covering highly innovative treatments with great clinical value but high prices. Private health insurance is crucial in selection, negotiation, coverage and payment. Class C treatments are excluded from self-pay rate assessment and some centralized procurement scopes. This indicates a multi-level funding mechanism, facilitating access to innovative treatments and reducing financial burdens.

Gene therapy is emerging as a promising therapeutic approach for rare diseases, with approximately 80% of rare diseases being genetic disorders, according to Frost & Sullivan. These therapies can address the root cause of the disease and offer curative potential. Recent advancements in genetic engineering and viral vector development have led to several approved gene therapy products.

### Strategic cooperation with Baheal Medical

In August 2025, we began our strategic cooperation with Baheal Medical pursuant to which (i) we appointed certain subsidiar(ies) of Baheal Medical as our exclusive CSO for the marketing service, and, if requested by such subsidiar(ies) of Baheal Medical, as the sole distributor, for Hunterase<sup>®</sup>, Livmarli<sup>®</sup> and Gaurunning<sup>®</sup> in mainland China, Hong Kong, and Macau, from which we received a strategic engagement fee of RMB50 million; and (ii) a subsidiary of Baheal Medical subscribed 74,971,468 shares in our Company, representing 14.99% of our enlarged total number of issued shares as at the date of this report, under which we received a total consideration of approximately HK\$100 million.

### Outlook for 2026

CANbridge will continue to grow its commercial stage business in Greater China that will be significantly enhanced by the strategic partnership with Baheal Medical in mainland China. We will work diligently to introduce Gaurunning<sup>®</sup>, the first in-house developed enzyme replacement therapy for treating type I and III Gaucher Disease to international market. Our strengthened balance sheet, driven by the growing revenue and optimized cost structure as well as the strategic investment from strategic investors such as Baheal Medical and WuXi Biologics, will accelerate CANbridge's recovery and jump start the launch of our new phase of growth. We will continue to consolidate and expand our first-mover position in China rare disease market, and to explore multiple paths, including in R&D and business development to pivot the company to a more globally oriented rare disease innovator and value creator.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PIPELINE

### Our Comprehensive and Diversified Pipeline

CANbridge holds global rights to 4 out of 7 assets, spanning biologics, small molecules, and gene therapy, targeting most prevalent rare diseases and oncology indications, with proven mechanisms and significant market potential.

	Candidate	Mechanism	Discovery	IND-enabling	Ph 1	Ph 2/3	NDA	Marketed	Dev Strategy	Partner	Commercial Rights
Rare Disease	CAN101 Hunterase® (Idursulfase beta)	ERT IDS	Hunter Syndrome (Mucopolysaccharidosis Type II)							GCPharma	Greater China
	CAN108 LIVMARLI® (maralixibat oral solution)	IBAT inhibitor	Alagille Syndrome						In China for China	mirum	Greater China
			Progressive Familial Intrahepatic Cholestasis								
	Omoprubart	Anti-C5 mAb	Paroxysmal Nocturnal Hemoglobinuria						In China for Global	WuXi Biologics/Privus	Global
	CAN103 Gaurunning® (velaglucerase-beta for injection)	ERT GBA	Gaucher Disease					WuXi Biologics		Global	
	CAN 204	AAV	DMD						Global for Global	LW Medicine LIFE WORLD MEDICINE Scriptr	Global

ⓧ Biologic   
 ⓧ Small Molecule   
 ⓧ Gene Therapy

Note: The company's early-stage pipeline includes CAN104 (Fabry disease) and CAN105 (Hemophilia A). Future development will be evaluated based on strategic priorities.

## BUSINESS REVIEW

The Company was listed on the Stock Exchange on December 10, 2021. Since then, the Company has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements.

### HUNTERASE® (*idursulfase beta, formerly known as CAN101*)

- Hunterase® is the first ERT approved for the treatment of Hunter syndrome (MPS II) in China. Given that ERT is the standard of care for Hunter syndrome, and that there is currently no other drug treatment available in China, we believe there is a significant market opportunity for Hunterase®.
- CANbridge received the marketing approval from the NMPA for Hunterase® in September 2020 as the first and the only treatment for MPS II in China. Hunterase® is currently marketed in over 10 countries worldwide by GC Pharma. In a head-to-head Phase 1/2 study, Hunterase® demonstrated favorable efficacy as compared to Elaprase®, a drug commonly used to treat Hunter syndrome globally. In a Phase III clinical trial in Chinese MPS II patients, Hunterase® demonstrated favorable efficacy compared to placebo over a period of up to two years with no specific safety concerns.
- CANbridge commercially launched Hunterase® in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 893 patients identified as of December 31, 2025. As of December 31, 2025, we have implemented commercial insurance programs (Huiminbao) in 142 cities, covering a population of 626 million in China.
- The Company continues to strengthen integrated commercialization team and with the ability to commercialize multiple rare disease products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIVMARLI® (*maralixibat oral solution, formerly known as CAN108*)

- Livmarli® is an oral, minimally-absorbed, reversible IBAT inhibitor and is under development to treat rare cholestatic liver diseases, including ALGS (approved by FDA) and PFIC. Livmarli® possesses an extensive safety dataset, having been evaluated in more than 1,700 human subjects. Livmarli® has been studied in a number of completed and ongoing clinical trials in ALGS and PFIC with over 200 children treated and some on study for over seven years. A Phase 2b placebo- controlled randomized withdrawal period clinical trial with an open-label extension in children (aged 1-18 years) conducted for ALGS by Mirum Pharmaceuticals, Inc. (“**Mirum**”), our collaboration partner in the U.S., shows that patients receiving Livmarli® experienced significant reductions in serum bile acids and pruritus compared to placebo, improvements in quality of life and xanthomas and accelerated long-term growth. In addition, Mirum has completed a Phase 3 study of Livmarli® in PFIC, which is the largest randomized, placebo-controlled study with 93 patients across a range of genetic PFIC subtypes, including PFIC1, PFIC2, PFIC3, PFIC4, PFIC6 and unidentified mutational status. The results of this Phase 3 study demonstrated that Livmarli®-treated patients had statistically significant improvements in pruritus, serum bile acids, bilirubin and growth as measured by weight z-score in the cohort evaluating the combined genetic subtypes.
- CANbridge and Mirum have an exclusive license agreement for the development, commercialization and manufacturing, under certain conditions, of Livmarli® in Greater China.
- As of December 31 2024, Livmarli® received multiple marketing approvals for ALGS in mainland China, Hong Kong, and Taiwan, as well as approval for PFIC in Taiwan. The broad marketing approvals make Livmarli® the first and only approved product marketed for the treatment of cholestatic pruritus in patients with ALGS in these regions.
- In May 2024, we announced expansion of Livmarli® label to include patients as young as 3 months in mainland China.
- In December 2024, we announced marketing approval of Livmarli® in Taiwan for the treatment of cholestatic pruritus in PFIC patients aged 3 months and older.
- In December 2024, we announced expansion of Livmarli® label to include ALGS patients as young as 2 months in Taiwan.
- CANbridge commercially launched Livmarli® in China in January 2024 in a non-reimbursed market. Patient identification has accelerated since launch, with 900 ALGS patients identified as of December 31, 2025. As of December 31, 2025, we have implemented commercial insurance programs (Huiminbao) in 53 cities, covering a population of 260 million in China.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gaurunning® (velaglucerase-beta for injection, formerly known as CAN103)

- Gaurunning®, a recombinant, human glucocerebrosidase (acid  $\beta$ -glucosidase), an ERT for the treatment of GD. CANbridge holds global proprietary rights to develop and commercialize the product.
- Gaurunning® is the first ERT for Gaucher disease in the clinical trial development stage in China.
- The first patient was dosed in the Gaurunning® Phase 1/2 trial in January 2023, which is being developed for the treatment of patients with GD Types I and III in China. Bing Han MD, Ph.D., Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China, is the principal investigator for the trial. GD, a lysosomal storage disorder, is caused by a genetic enzyme deficiency leading to the accumulation of a cellular sphingolipid called glucocerebroside in macrophages residing in liver, spleen, and bone marrow, resulting in hepatosplenomegaly, anemia, thrombocytopenia, and skeletal disease (infarction, osteoporosis, and pain). In GD Type III, glucocerebroside also accumulates in the central nervous system, causing chronic neurodegeneration and premature death. Gaurunning® is an ERT under development by CANbridge, as part of its rare disease partnership with WuXi Biologics (Cayman) Inc. (stock code: 2269.HK), for the long-term treatment of adults and children with Gaucher disease Types I and III. Many GD patients in China do not have access to approved treatments due to cost barriers.
- In March 2025, we announced that Gaurunning®, with its wholly-owned subsidiary, CANbridge (Shanghai) Life Sciences Ltd. as the holder, successfully passed the pre-approval inspection and pre-marketing GMP compliance inspection for the pilot biological product of divided manufacturing. Gaurunning® was the first innovative biological product in China to pass the inspection of divided manufacturing of biological products.
- In May 2025, we announced marketing approval of Gaurunning®, a class 1 new drug for treating type I and III Gaucher disease, in China.
- In December 2025, we announced inclusion of Gaurunning® (Velaglucerase-beta for Injection), a class 1 innovative drug, in China's first commercial health insurance innovative drug list.
- Ongoing efforts are taken to explore partnering opportunities toward commercializing Gaurunning® outside Greater China.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAN106 (OMOPRUBART)

- CAN106 is a novel, long-acting, monoclonal antibody directed against C5 complement that is being developed for the treatment of complement-mediated diseases, including PNH and MG among other approved and new potential indications. Based on clinical data, CAN106 has demonstrated a favorable PK/PD profile, safety and tolerability, indicating that CAN106 has the potential to effectively inhibit C5 in patients with PNH with a convenient four-week dosing frequency.
- CANbridge obtained global rights to develop, manufacture and commercialize CAN106 in PNH, as well as for other complement-mediated diseases that involve activation of the C5 protein, from WuXi Biologics Ireland Limited and Privus Biologics, LLC in 2019 and 2020, respectively.
- CAN106 has received Orphan Drug Designation from the FDA for the treatment of MG, an autoimmune neuromuscular disease that causes muscle weakness. CAN106 is eligible to receive the benefits provided under the Orphan Drug Act, including 50% tax credit for qualifying clinical trials, waivers for regulatory submission fees, eligibility to receive federal research grants, and upon marketing authorization for MG, 7 years of market exclusivity.
- In June 2023, CANbridge announced positive preliminary results from the ongoing Phase 1b study of CAN106 being conducted in China for PNH. The trial is being conducted under the direction of principal investigator, Dr. Bing Han, MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China. CAN106 showed dose-proportional exposure and rapid, dose-dependent reductions in free C5 levels within 24 hours, with all subjects in Cohort 3 maintaining values below 0.5 ug/mL, a historical threshold for complete C5 inhibition. CAN106 was safe and well-tolerated at all doses, and all drug-related adverse events were mild or moderate and transient, and none led to discontinuation from the study. There were no drug-related serious adverse events, and no cases of anaphylaxis or meningococcal infection. Currently, CAN106 is the only domestically-developed treatment for PNH that is actively being developed.
- Complement-mediated diseases amenable to treatment with an anti-C5 antibody remain an area of broad interest, demonstrating potential for CAN106 in multiple indications beyond PNH.
- We view CAN106 as a strong candidate in addressing multiple complement mediated diseases. CANbridge is exploring opportunities, either independently or through partnerships, with the aim to advance CAN106 to a late-stage clinical development track with substantial potential financial values.

### GENE THERAPY

- In November 2024, CANbridge and Scriptr announced publication in the journal Science reporting the discovery of the StitchR™ RNA assembly technology and its application for the treatment of muscular dystrophies.
- As of December 31, 2025, we have internally generated the proof-of-concept data for DMD pre-clinical studies. CANbridge is seeking to generate further data in large animal models, with a view to ultimately advance in human studies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT CANDIDATE, OR ANY OF OUR PIPELINE PRODUCTS

#### Manufacturing

In March 2025, we announced that Gaurunning®, with its wholly-owned subsidiary, CANbridge (Shanghai) Life Sciences Ltd. as the holder, successfully passed the pre-approval inspection and pre-marketing GMP compliance inspection for the pilot biological product of divided manufacturing. Gaurunning® was the first innovative biological product in China to pass the inspection of divided manufacturing of biological products.

We have secured manufacturing capacity for selected in-licensed programs, including from third party collaboration partners such as WuXi Biologics, GC Pharma and Mirum. We aim to balance cost efficiency and quality control of our drug products and/or candidates. In an effort to advance our gene therapy pipelines, we are exploring manufacturing strategy for gene therapy that can help us to achieve high quality and capital efficiency anticipate to use CDMO to enable the further development of our gene therapy products.

#### Commercialization

In August 2025, we entered into a strategic collaboration and exclusive commercial services agreement (“**CSO Agreement**”) with Beijing Baheal Zhihe Medical Achievement Transformation Service Co., Ltd. (北京百洋智合醫學成果轉化服務有限公司) (“**Baheal Zhihe**”), a subsidiary of Baheal Medical. Pursuant to such agreement, Baheal Zhihe was appointed as the exclusive CSO, and if requested by Baheal Zhihe, its affiliate will be appointed as the sole distributor, for Hunterase®, Livmarli® and Gaurunning® in mainland China, Hong Kong and Macau. At the end of 2025, we completed the transfer of promotion and distribution arrangements to Baheal, ensuring continuity and efficiency in our operational processes. CANbridge and Baheal teams continue to work collaboratively on national-level market access for all three products in mainland China. Meanwhile, in Taiwan and Hong Kong, CANbridge team is making progress toward enlisting Livmarli® and Hunterase® into the local reimbursement formularies.

With multiple products currently approved for marketing in multiple geographies, we have established our key operation hubs in Beijing, Shanghai and Suzhou, with offices in other locations in Greater China. We have set up a commercialization team dedicated to our approved products and late-stage drug candidates that can be quickly expanded in line with our business growth, comprising three major functions, including marketing and sales, medical affairs and patient advocacy assistance and market access, with the mission to execute medical engagement plans for key opinion leader (KOL) development, promote community awareness and explore industry insights for better drug development and marketing strategy.

The management continues to monitor the market to develop the most cost-effective strategy and model for commercializing these upcoming pipeline products.

### KEY EVENTS AFTER THE REPORTING PERIOD

On March 10, 2026, the Company allotted and issued a total of 84,033,613 subscription shares to WuXi Biologics HealthCare Venture at the subscription price of HK\$2.38 per subscription share. For details, please refer to the announcements of the Company dated February 16, 2026 and March 10, 2026.

Save as disclosed in this report, the Company has no key events after the Reporting Period that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Overview

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this report.

### Revenue

Our revenue decreased by RMB35.1 million or 41.2%, from RMB85.1 million for the year ended December 31, 2024 to RMB50.0 million for the year ended December 31, 2025, which was primarily due to the cessation of Nerlynx<sup>®</sup> sales in Taiwan following the expiry of Nerlynx<sup>®</sup> distribution agreement at the end of 2024, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx<sup>®</sup> sales in Taiwan, our revenue increased by RMB9.0 million, or 22.0% as compared with the same period in 2024, which was mainly attributable to Gaurunning<sup>®</sup> sales initiation in the second half of 2025.

### Cost of Sales

Our cost of sales decreased by RMB18.1 million from RMB30.8 million for the year ended December 31, 2024 to RMB12.7 million for the year ended December 31, 2025, which was primarily attributable to the decrease in costs incurred as a result of the decreased sales of commercialized products.

### Gross Profit and Gross Profit Margin

Our gross profit decreased by RMB17.0 million from RMB54.3 million for the year ended December 31, 2024 to RMB37.3 million for the year ended December 31, 2025. Our gross profit margin for the year ended December 31, 2025 was 74.7% (for the year ended December 31, 2024: 63.8%).

### Other Income and Gains

Our other income and gains increased by approximately RMB115.2 million, turning from a loss of RMB5.5 million for the year ended December 31, 2024 to a profit of RMB109.7 million for the year ended December 31, 2025, primarily due to a gain of RMB101.0 million arising from the US lease termination. The gain arose as the tenant, a wholly-owned subsidiary of the Company, and the US lease property's landlord entered into a termination agreement to early terminate the lease related to the US leased property on February 24, 2025 with effect from February 28, 2025. Since the right-of-use assets related to the US lease property had been fully written off as of December 31, 2024, the lease liabilities and other payables of approximately RMB97.7 million and RMB3.3 million, respectively, were derecognised and credited to profit or loss during the year ended December 31, 2025.

### Selling and Distribution Expenses

Our selling and distribution expenses decreased by approximately RMB27.5 million or 36.7%, from RMB74.9 million for the year ended December 31, 2024 to RMB47.4 million for the year ended December 31, 2025. The decrease was mainly due to the elimination of Nerlynx<sup>®</sup> sales activities and related employee costs in 2025, following the termination of its distribution agreement at the end of 2024, coupled with an increase in the sales effectiveness for rare disease products during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative Expenses

Our administrative expenses decreased by RMB31.4 million or 46.0%, from RMB68.2 million for the year ended December 31, 2024 to RMB36.8 million for the year ended December 31, 2025. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.

### Research and Development Expenses

Our research and development expenses decreased by approximately RMB206.7 million or 82.1%, from RMB251.8 million for the year ended December 31, 2024 to RMB45.1 million for the year ended December 31, 2025, which was mainly attributable to the NDA approval of Gaurunning® in the first half of 2025, resulting in a substantial reduction in related development activities and expenditures.

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Research and development expenses</b>		
Staff costs	<b>11,728</b>	26,683
Testing and clinical trial expenses	<b>26,569</b>	196,859
License fees	<b>182</b>	2,332
Depreciation and amortization	<b>697</b>	9,477
Other expenses	<b>5,875</b>	16,412
Total	<b>45,051</b>	251,763

### Finance Costs

Our finance costs decreased from RMB8.6 million for the year ended December 31, 2024 to RMB2.2 million for the year ended December 31, 2025. Such decrease was primarily due to the decrease of interest on lease liabilities.

### Non-IFRS Measures

In addition to the Group's consolidated financial statements, which are presented in accordance with IFRSs, the Company also uses adjusted loss for the year as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impacts of items that we do not consider indicative of our performance results. The Company believes that these adjusted measures provide additional information to investors and others, helping them to understand and evaluate our consolidated results of operations in the same manner as our management, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

## MANAGEMENT DISCUSSION AND ANALYSIS

We define adjusted loss for the year as profit/(loss) for the year excluding the effect of share-based payment expenses, written-off of right-of-use assets and the gain on the lease termination. The term adjusted profit/loss for the year is not defined under the IFRSs. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRSs.

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

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit/(Loss) for the year	14,818	(442,619)
Add:		
Written-off of right-of-use assets	729	87,987
Share-based payment expenses	5,068	7,689
Less:		
Gain on lease termination, net	(101,037)	(26)
Adjusted loss for the year	(80,422)	(346,969)

### 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There is no material seasonality of borrowing requirements for the Group.

### Liquidity and Financial Resources

Our cash and bank balances as of December 31, 2025 were RMB66.6 million, of which RMB3.5 million, RMB58.9 million, RMB4.0 million and RMB0.2 million, were denominated in RMB, USD, HKD and TWD, respectively. As compared to RMB10.5 million as of December 31, 2024, the increase of cash and bank balances was primarily attributable to financing from subscription. Our primary uses of cash are fund research and development effort and working capital and for other general corporate purpose.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its research and development, business operation and expansion plans. For the year ended December 31, 2025, we funded our operations primarily through revenue generated from sales of commercialized products, net proceeds of subscription price received by the Company during the Reporting Period and debt financing. We closely monitor the uses of cash and cash equivalents to ensure that our financial resources have been used in the most cost-effective and efficient way. We also consider and endeavour to seek various funding sources depending on the Group's funding needs.

## Bank Loans and Other Borrowings

Our bank loans and other borrowings as of December 31, 2025 were RMB15.0 million (December 31, 2024: RMB30.4 million), which were all denominated in RMB, carried fixed nominal interest rates ranging from 3.4% to 3.8% per annum.

## Current ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as at December 31, 2025 was 24.2% (December 31, 2024: 9.4%). The increase in current ratio was primarily due to increase in cash and bank balance.

## Gearing ratio

The gearing ratio (calculated by total interest-bearing borrowings divided by total assets) of the Group as at December 31, 2025 was 9.1% (December 31, 2024: 26.0%).

## Foreign Currency Risk

We have transactional currency exposures. Certain of our cash and bank balances, trade receivables and other receivables and trade and other payables are denominated in non-functional currencies and exposed to foreign currency risk.

We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital Expenditure and Commitments

The Group's capital expenditures in the year ended December 31, 2025 were primarily related to purchase of property, plant and equipment. In the year ended December 31, 2025, the Group incurred RMB6,000 in relation to capital expenditures.

### Charges on Group Assets

As of December 31, 2025, the Group did not have any charges over its assets.

### Significant Investment Held

As of December 31, 2025, the Group did not have any significant investments.

### Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Save as otherwise disclosed in the Prospectus, the Group does not have any specific future plans on material investments or capital assets as of the date of this report.

### Share Schemes

#### *Pre-IPO Equity Incentive Plan*

The Company adopted the 2019 equity incentive plan (the "**Pre-IPO Equity Incentive Plan**") on July 25, 2019 and amended it on June 11, 2021.

The maximum number of Shares that may be subject to the awards granted and sold under the Pre-IPO Equity Incentive Plan is 54,549,230 Shares and share options (including those have subsequently lapse or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No share options were granted under the Pre-IPO Equity Incentive Plan after the Company's listing.

During the Reporting Period, 510,000 options were exercised, and 7,433,623 options lapsed. As at December 31, 2025, the Company had 21,653,760 options outstanding.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Post-IPO RSU Scheme*

The Company has conditionally adopted the post-IPO RSU scheme by Shareholders' resolution dated November 18, 2021 (the "**Post-IPO RSU Scheme**"). On June 27, 2024, the Post-IPO RSU Scheme was amended and the scheme limit for the Post-IPO RSU Scheme was refreshed.

Upon refreshing the scheme limit, the maximum number of Shares which may be allotted and issued in respect of all awards in the form of restricted share units ("**RSUs**") that may be granted under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company). Awards lapsed in accordance with the terms of the Post-IPO RSU Scheme shall not be counted for the purpose of calculating the scheme limit.

On or before June 27, 2024, 12,136,000 RSUs were granted under the Post-IPO RSU Scheme. During the Reporting Period, no RSUs were granted by the Company under the Post-IPO RSU Scheme.

During the Reporting Period, 581,400 RSUs were vested and exercised, and 1,631,600 lapsed. As at December 31, 2025, the Company has 4,581,750 RSUs outstanding.

### *Post-IPO Share Option Scheme*

The Company has conditionally adopted the post-IPO share option scheme by Shareholders' resolution dated November 18, 2021 (the "**Post-IPO Share Option Scheme**"). On June 27, 2024, the Post-IPO Share Option Scheme was amended and the scheme limit for the Post-IPO Share Option Scheme was refreshed.

Upon refreshing the scheme limit, the maximum number of Shares which may be allotted and issued in respect of all options that may be granted under the Post-IPO Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued share capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the scheme limit.

On or before June 27, 2024, 24,685,000 Options were granted under the Post-IPO Share Option Scheme. During the Reporting Period, no share options were granted by the Company under the Post-IPO Share Option Scheme.

During the Reporting Period, 804,250 share options were exercised, and 5,772,421 share options lapsed. As at December 31, 2025, the Company has 8,749,500 share options outstanding.

For further details of the Pre-IPO Equity Incentive Plan, Post-IPO RSU Scheme and Post-IPO Share Option Scheme, please refer to the section headed "Report of Directors – Share Schemes" of this report.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTOR

**Dr. James Qun Xue, Ph.D., M.B.A.**, aged 56, has served as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018 and was re-designated as an executive Director on June 21, 2021 and is a chairperson of Nomination and Corporate Governance Committee of the Company. Dr. Xue is the founder of our Company and has been actively involved in the business, strategy and operational management of our Group since its establishment.

Dr. Xue has over 25 years of experience in medical and pharmaceutical companies. Dr. Xue began his career as a scientist at Kosan Biosciences, Inc. from May 1998 to August 2000, where he dedicated himself to research in bioengineering. In 2002, Dr. Xue joined Genzyme Corporation, where he served in various positions with increasing responsibilities including, among others, the general manager of Genzyme China and senior director of business excellence, and accumulated extensive management experience there until 2011. Since June 2012, Dr. Xue has served as venture partner at Tullis Health Investors where he was principally responsible for providing advice on portfolio company investments and maintaining and enhancing company's brand and market position.

Dr. Xue is deputy director general of the China Alliance for Rare Disease (中國罕見病聯盟), deputy director of the Shanghai Foundation for Rare Disease. He has been the vice chair of the R&D committee of the China Pharmaceutical Innovation and Research Development Association (PhIRDA) since May 2016 and a member of the Leadership Council of the Joint Institute of Peking University Health Science Center and University of Michigan Medical School since August 2017. Dr. Xue has also been a member of BayHelix Group, a non-profit organization of business leaders with a mission to shape the growth of the life sciences and healthcare industry and a mentor of the Termeer Foundation, a nonprofit organization focused on connecting life science innovators and catalyzing the creation of new medicines.

Dr. Xue obtained his Bachelor of Science degree in pharmaceutical chemistry from Peking University School of Pharmacy in July 1992. He further obtained his Ph.D. in bioorganic chemistry from Brown University in April 1997. In addition, Dr. Xue received his postdoctoral degree in pharmaceutical chemistry and biochemistry from University of California in April 1998 and his Master of Business Administration from Darden School of Business, University of Virginia in May 2002.

## NON-EXECUTIVE DIRECTORS

**Ms. Wei Zhao (趙瑋)**, aged 46, was appointed as a non-executive Director on June 30, 2025 and is a member of the Remuneration Committee. Ms. Zhao is currently the managing director, Corporate Development and Investments of WuXi AppTec (Shanghai) Co., Ltd., and she is mainly responsible for sourcing, evaluating, executing and integrating its strategic acquisitions, investments and joint ventures.

Ms. Zhao worked at Ernst & Young Hua Ming Shanghai Branch (“**EY Shanghai**”) from September 2001 to April 2008. From February 2006 to April 2006, she briefly left EY Shanghai and worked for Deloitte & Touche Corporation Finance Ltd. Later, from May 2008 to November 2014, she worked at Ernst & Young (China) Advisory Limited. From March 20, 2019 to June 11, 2025, Ms. Zhao was a non-executive director of Clarity Medical Group Holding Limited (stock code 1406). From March 16, 2022 to October 12, 2023, Ms. Zhao was a non-executive director of Hua Medicine (stock code: 2552).

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhao received her bachelor's degree of science with a major in business and finance in English from Shanghai Jiao Tong University in July 2001 and a master's degree of business administration from The University of Hong Kong in November 2013. Ms. Zhao is a non-practising member of the Chinese Institute of Certified Public Accountants.

**Mr. Tingwei Wang (王廷偉)**, aged 48, was appointed as a non-executive Director on August 27, 2025 and is a member of the Nomination and Corporate Governance Committee.

Mr. Wang previously worked at Searainbow Enterprise (Holdings) Co., Ltd. (now renamed as China Reform Health Mgmt&Ser Grp Co Ltd.), Thomson Reuters Group, Shanghai GB Investment Management Consulting Co., Ltd. (GBI). Mr. Wang joined Baheal Pharmaceutical Group Co., Ltd. in April 2016 and has served as director of business development for Baheal Intelligent Technology Group Co., Ltd., director of business development and vice president of Baheal Pharmaceutical Group Co., Ltd. Since December 2021, he has served as deputy general manager of Qingdao Baheal Medical INC., and concurrently as director of Baheal Wellness Industry International Trading Limited.

Mr. Wang received his master's degree in business administration from Peking University in 2011.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. James Arthur Geraghty**, aged 71, was appointed as an independent non-executive Director on July 18, 2018 and is a member of each of Audit Committee and Nomination and Corporate Governance Committee of the Company. Mr. Geraghty is responsible for supervising and providing independent judgment to our Board.

Mr. Geraghty has approximately 33 years' management experience in business development, strategy and operations. Mr. Geraghty was an entrepreneur in residence of Third Rock Ventures from May 2013 to December 2016, where he was responsible for company formation and governance. Prior to this, Mr. Geraghty served as the senior vice president responsible for strategy and business development at Sanofi S.A. between April 2011 and December 2012. Mr. Geraghty worked with Genzyme Corporation from 1992 to 2011, with his last position being the senior vice president responsible for international development. From 1993 to 2007, Mr. Geraghty served as the chairman of board and the chief executive officer for Genzyme Transgenics Corporation. Prior to that, Mr. Geraghty started his career at Bain Capital, responsible for healthcare strategy consulting. Mr. Geraghty has been the chairman of the board of Orchard Therapeutics (NASDAQ: ORTX) and Pieris Pharmaceuticals (NASDAQ: PIRS) since May 2018 until January 2024 and since November 2017 until December 2024, respectively. Mr. Geraghty has also served as an independent non-employee Director of Fulcrum Therapeutics (NASDAQ: FULC) since October 2016, Voyager Therapeutics (NASDAQ: VYGR) since January 2014 and Aceragen, Inc. (NASDAQ: ACGN) (former name: Idera Pharmaceuticals (NASDAQ: IDRA)) from July 2013 to March 2023, respectively.

Mr. Geraghty received his bachelor's degree in psychology from Georgetown University and received his Juris Doctor degree from Yale University Law School in May 1980.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Dr. Richard James Gregory, Ph.D.**, aged 68, was appointed as an independent non-executive Director in April 2020 and is a chairperson of Remuneration Committee of the Company. Dr. Gregory is responsible for supervising and providing independent judgment to our Board.

Dr. Gregory has over 33 years' experience in research and development. Dr. Gregory has served as an independent non-employee director of Homology Medicines (NASDAQ: FIXX) and an independent director of ProMIS Neurosciences (TSX: PMN) until June 2023. Dr. Gregory was the executive vice president and the chief scientific officer of ImmunoGen Inc. from January 2015 to August 2019. Prior to that, since February 1989, Dr. Gregory had spent 25 years at Genzyme Corporation (NASDAQ: GENZ) in roles of increasing responsibility, including Vice President and senior Vice President, with his last position being the Head of Research and Development for Genzyme Sanofi. In early 1990s, he also worked with Canji, Inc., focusing on the field of molecular biology. In 1989, Dr. Gregory served as a postdoctoral fellow of the Worcester Foundation for Experimental Biology.

Dr. Gregory received his bachelor's degree in Science in Biochemistry from Virginia Polytechnic Institute and State University in June 1980 and his Ph.D. degree from University of Massachusetts Amherst in January 1986. Dr. Gregory has been a fellow of the American Institute for Medical and Biological Engineering since February 2010.

**Mr. Peng Kuan Chan (陳炳鈞)**, aged 62, was appointed as an independent non-executive Director of the Company on June 11, 2021 and is a chairperson of Audit Committee and a member of Nomination and Corporate Governance Committee of the Company. Mr. Chan is responsible for supervising and providing independent judgment to our Board.

Mr. Chan has over 28 years of experience in corporate financing, investment banking, initial public offering, mergers and acquisitions as well as financial management. Mr. Chan has been serving as an independent non-executive director of Yincheng International Holding Co., Ltd. (HKEX: 1902) since February 2019 until November 2024, an independent non-executive director of Yonghe Medical Group Co., Ltd. (雍禾醫療集團有限公司) (HKEX: 2279) since June 2021, an independent non-executive director of Visen Pharmaceuticals (Stock Code: 2561) since April 2021, and an independent non-executive director of JW (Cayman) Therapeutics Co. Ltd (HKEX: 2126) since August 2024.

From October 2017 to May 2019, Mr. Chan was the chief financial officer of Elegance Optical International Holdings Ltd (HKEX: 0907), where he was responsible for corporate finance and financial management. Prior to this, from January 2012 to September 2017, Mr. Chan served as the chief operating officer of CITIC Merchant Co., Limited, responsible for formulating business strategies and executing business plans of the company.

Between January 2011 and November 2011, Mr. Chan served as Head of Asia CIG and Cleantech of Piper Jaffray Asia Limited. Mr. Chan served as the managing director of corporate finance – Great China coverage department, and an executive director of corporate finance department of BNP Paribas Capital (Asia Pacific) Limited from July 2006 to January 2011 and from March 2005 to June 2006, respectively. Between August 2000 and December 2004, Mr. Chan served as an executive director of Sanyuan Group Limited (三元集團有限公司), a company delisted from the Stock Exchange in December 2009 (stock code: 140) which principally engaged in property investment and bio-pharmaceuticals, with the mission of restructuring its business activities and materialising its debt restructuring plan. He served BNP Prime Peregrine Capital Limited from May 1994 to August 2000 where his last position was an executive director.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan received his bachelor's degree in commerce from University of Canterbury in May 1989 and received his master's degree in applied finance from Macquarie University in November 1998. He has been a Chartered Accountant of Chartered Accountants Australia and New Zealand since November 1992. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since July 1993.

**Dr. Lan Hu (胡瀾)**, aged 57, was appointed as an independent non-executive Director of the Company on February 16, 2022 and is a member of Remuneration Committee and Nomination and Corporate Governance Committee of the Company. Dr. Hu is responsible for supervising and providing independent judgment to our Board.

Dr. Hu has over 22 years of experience in healthcare investment, operations and administrative management. She served as the investment manager of JP Morgan Chase Bank from August 2002 to March 2004. She founded Beijing Amcare Women's & Children's Hospital Co., Ltd. (北京美中宜和婦兒醫院有限公司) in June 2004 and has been its director, chairman of the board and general manager. Since 2013, she has been the member of the 12th and 13th Beijing Municipal Committee of the Chinese People's Political Consultative Conference. She is currently serving as the chairman of the board and general manager of Beijing Amcare Medical Management Co., Ltd. (北京美中宜和醫療管理(集團)有限公司), the chairman of the board of Beijing Meizhong Airui Tumor Hospital Co., Ltd. (北京美中愛瑞腫瘤醫院有限公司), the independent director of Beijing Yida Shidai Technology Development Co., Ltd. (北京醫大時代科技發展有限公司) and the executive director and general manager of Beijing Xuanhe Yazhi Management Consulting Co., Ltd. (北京軒和雅致管理諮詢有限公司).

Dr. Hu obtained a bachelor's degree in medicine from Peking University in 1993. She further obtained a Ph.D. in medical sciences from Northeast Ohio Medical University in 2000 and a master's degree in business administration from University of Michigan in 2002.

### FORMER NON-EXECUTIVE DIRECTOR

**Dr. Fangxin Li**, aged 32, was appointed as a non-executive Director on September 30, 2024 and was a member of the Remuneration Committee of the Company. With effect from June 25, 2025, Dr. Li has resigned as a non-executive Director and a member of the Remuneration Committee of the Company.

Dr. Li served as the senior investment manager of WuXi AppTec Singapore Pte. Ltd., a subsidiary of WuXi AppTec Co., Ltd.\* (無錫藥明康德新藥開發股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359), and was primarily responsible for direct investment and portfolio management in healthcare industry, since April 2021 until June 2025. Dr. Li was a non-executive director of Hua Medicine, a company listed on the Main Board of the Stock Exchange (stock code: 2552) since October 2023 until June 2025. He was a consultant of Bain & Company, a management consulting firm, and was primarily responsible for providing strategy and conducting commercial due diligence for healthcare players, from April 2019 to December 2020. He was a cofounder and the chief executive officer of HAIKUI Regenerative Medicine, and was primarily responsible for research and development in cartilage and dermal implantation technologies, from August 2016 to January 2019.

Dr. Li received his bachelor's degree in engineering from Imperial College London in the United Kingdom in June 2014. He obtained a PhD degree in Tissue Engineering from University of Oxford in the United Kingdom in September 2018.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Dr. James Qun Xue**, 56, has served as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018 and was re-designated as an executive Director on June 21, 2021. Following the resignation of the previous CFO, Mr. Glenn Hassan, in September 2024, Dr. Xue has taken on the interim responsibilities of CFO, supported by the Company's finance team, until a new CFO is appointed. Please see his biography under the paragraphs headed “– Executive Director” in this section.

**Dr. Gerald Cox**, aged 67, was appointed as Chief Development Strategist & Interim Chief Medical Officer of CANbridge in July 2019.

Prior to his work with CANbridge, Dr. Cox was Chief Medical Officer for Editas Medicine, in Cambridge, MA, from 2016 to 2018. Dr. Cox also had a long stint at Sanofi Genzyme, also in Cambridge, culminating as Vice President, Rare Disease Clinical Development, from 2008 to 2016 where he oversaw multiple global rare disease clinical development programs, including Cerdelga®; Xenpozyme®; Hectoral®; Cerezyme®, Aldurazyme®, and Elaprase® in Asia, among others. Before then, Dr. Cox held several senior medical R&D positions at Genzyme and was the company's first clinical geneticist recruited to oversee human clinical development programs for rare genetic diseases.

Dr. Cox is a board-certified clinical geneticist and pediatrician who trained at Boston Children's Hospital from 1989 to 1997 where he remains on staff and continues to see patients with genetic diseases till now. He earned an MD and PhD in Biology from the University of California at San Diego in 1989 and a Bachelor of Arts in Biology, from Harvard College in 1980. He holds multiple patents and awards and has authored scores of peer-reviewed publications, presentations, and book chapters.

# REPORT OF DIRECTORS

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

The Group is a China-based, rare disease-focused biopharmaceutical company founded in 2012 that is committed to the research, development and commercialization of biotech therapies.

There were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2025. Please refer to note 38 to the financial statements for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue and operating results for the year ended December 31, 2025 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 6 to the financial statements.

## BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2025, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year ended December 31, 2025, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this Directors' report.

## RESULTS AND DIVIDEND

The consolidated results of the Group for the Reporting Period are presented in the consolidated statement of profit or loss and consolidate statement of comprehensive income on page 94 of this annual report.

The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2025 (2024: nil).

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## FINANCIAL SUMMARY

The Company's Shares were listed on the Stock Exchange on December 10, 2021. A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 8 of this report.

## REPORT OF DIRECTORS

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the financial statements of this annual report.

### KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers, suppliers and others are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that it is vital to attract, recruit and retain quality employees. The Group conducts new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, the Group provides on-line and in-person formal and comprehensive company-level and department-level training to our employees periodically in addition to on-the-job training. The Group also encourages its employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. The Group also provides training and development programs to our employees and external training sessions from time to time to improve their technical skills and ensure their awareness and compliance with our various policies and procedures.

For details of an account of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company is set out in the environmental, social and governance report of the Company for the Reporting Period.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has implemented company-wide environmental, health and safety manuals, policies and standard operating procedures that include management systems and procedures relating to emissions of air, water and other media; waste water generation and treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; worker health and safety requirements; third party safety management; emergency planning and response; and product stewardship.

Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the Reporting Period.

## REPORT OF DIRECTORS

### SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 26 to the financial statements of this annual report.

### RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 97 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 37 to the financial statements of this annual report.

### DISTRIBUTABLE RESERVES

There was no distributable reserve as at 31 December 2025 (2024: nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (or sale of treasury shares as defined under the Listing Rules) during the period from the Listing Date to December 31, 2025. As at December 31, 2025, the Company did not hold any treasury shares.

### PRE-EMPTIVE RIGHTS

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

## REPORT OF DIRECTORS

### ISSUE OF EQUITY SECURITIES

The Company was listed by way of an initial public offering on the Hong Kong Stock Exchange on December 10, 2021. 56,251,000 ordinary shares of the Company were issued at a final offer price of HK\$12.18 per Share. For details of the Listing, please refer to the Prospectus and the announcement titled “Announcement of Allotment Results” of the Company dated December 9, 2021.

On August 12, 2025, the Company entered into the subscription agreement (the “**Baheal Subscription Agreement**”) with Baheal Wellness Industry International Trading Limited (“**Baheal**”), pursuant to which the Company has issued, and Baheal has subscribed for, 74,971,468 new Shares (“**Baheal Subscription Shares**”) at the price of HK\$1.34 (the “**Baheal Subscription Price**”) per Baheal Subscription Share (the “**Baheal Subscription**”).

The Baheal Subscription Price of HK\$1.34 per Baheal Subscription Share represents: (a) a discount of approximately 19.76% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on August 11, 2025, being the last trading day prior to the signing of the Baheal Subscription Agreement; and (b) a premium of approximately 10.56% to the average closing price of HK\$1.212 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including August 11, 2025, being the last trading day immediately prior to the date on which the Baheal Subscription Price is fixed.

The gross proceeds of the Baheal Subscription amount to HK\$100,461,767.12 and the net proceeds receivable by the Company under the Baheal Subscription are approximately HK\$98,661,767.12 after deducting the relevant expenses incurred in relation to the Baheal Subscription. The net issue price per Baheal Subscription Share is HK\$1.32. The table below sets forth a detailed breakdown and description of the use of net proceeds as of December 31, 2025:

Purpose	Percentage of total amount of net proceeds	Amount of net proceeds HKD in million	Actual use of proceeds as at the end of the Reporting Period HKD in million	Net proceeds unutilized as at December 31, 2025 HKD in million	Target time for use of proceeds
Research and development of commercialized products	35%	34.5	26.2	8.3	End of 2027
Marketing and promotion expenses	22%	21.7	0.0	21.7	End of 2027
Repayment of loan facilities and borrowings	21%	20.7	18.2	2.5	End of 2027
Daily operations of the Group	22%	21.7	14.3	7.4	End of 2026
<b>Total</b>	<b>100%</b>	<b>98.7</b>	<b>58.8</b>	<b>39.9</b>	<b>–</b>

## REPORT OF DIRECTORS

Taking into account the financial position of the Group, the Directors consider that the Baheal Subscription offers a good opportunity to raise further capital and to strengthen the Group's working capital position. It will also enable the Group to potentially leverage the other resources of Qingdao Baheal Medical INC. in the drug commercialization area, which will serve as an important step to consolidate the Group's leadership in China rare disease market.

For details, please refer to the announcements of the Company dated August 12, 2025 and August 27, 2025.

On September 15, 2025, the Company entered into three subscription agreements ("**Subscription Agreements**") with three Qin Shen (覃深), Huang Xiaoting (黄晓婷) and RIME Capital Limited (霧淞資本有限公司) (the "**Subscribers**"), pursuant to which the Company has issued, and the Subscribers have respectively subscribed for, an aggregate of 9,996,196 new Shares (the "**Subscription Shares**") at the price of HK\$2.26 (the "**Subscription Price**") per Subscription Share (the "**Subscriptions**").

The Subscription Price of HK\$2.26 per Subscription Share represents: (a) a discount of approximately 19.86% to the closing price of HK\$2.82 per Share as quoted on the Stock Exchange on September 15, 2025, being the last trading day prior to the signing of the Subscription Agreements; and (b) a discount of approximately 19.91% to the average closing price of HK\$2.822 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including September 14, 2025, being the last trading day immediately prior to the date on which the Subscription Price is fixed.

The gross proceeds of the Subscriptions amount to HK\$22,591,402.96 and the net proceeds receivable by the Company under the Subscriptions are approximately HK\$22,091,402.96 after deducting the relevant expenses incurred in relation to the Subscriptions. The net issue price per Subscription Share is HK\$2.21. The table below sets forth a detailed breakdown and description of the use of net proceeds as of December 31, 2025:

Purpose	Percentage of total amount of net proceeds	Amount of net proceeds HKD in million	Actual use of proceeds as at the end of the Reporting Period HKD in million	Net proceeds unutilized as at December 31, 2025 HKD in million	Target time for use of proceeds
Research and development expenses					
for existing pipeline of products	79%	17.5	15.9	1.6	End of 2026
Daily operations of the Group	21%	4.6	0.0	4.6	End of 2026
<b>Total</b>	<b>100%</b>	<b>22.1</b>	<b>15.9</b>	<b>6.2</b>	<b>-</b>

Taking into account the financial position of the Group, the Directors consider that the Subscriptions offer a good opportunity to raise further capital for its research and development activities and to strengthen the Group's working capital position.

For details, please refer to the announcements of the Company dated 15 September 2025 and 28 September 2025.

# REPORT OF DIRECTORS

## DIRECTORS

As at the date of this report, the Board consisted of the following 7 Directors:

### Executive Director

Dr. James Qun Xue (*Chairman and Chief Executive Officer*)

### Non-executive Directors

Ms. Wei Zhao (*appointed on June 30, 2025*)<sup>Notes</sup>

Mr. Tingwei Wang (*appointed on August 27, 2025*)<sup>Notes</sup>

Dr. Fangxin Li (*resigned on June 25, 2025*)

### Independent Non-executive Directors

Dr. Richard James Gregory

Mr. James Arthur Geraghty

Mr. Peng Kuan Chan

Dr. Lan Hu

Notes: Ms. Wei Zhao obtained the legal advice referred to in Rule 3.09D of the Listing Rules on June 30, 2025, and confirmed that she understood her obligations as a director of the Company. Mr. Tingwei Wang obtained the legal advice referred to in Rule 3.09D of the Listing Rules on August 27, 2025, and confirmed that he understood his obligations as a director of the Company.

## BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed “Biographies of Directors and Senior Management” of this annual report.

## CHANGE OF INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

### (i) Change in Directors and Composition of Board Committees

With effect from June 25, 2025, Dr. Fangxin Li has resigned as a non-executive Director and a member of the Remuneration Committee.

With effect from June 30, 2025, Ms. Wei Zhao has been appointed as a non-executive Director and a member of the Remuneration Committee.

With effect from June 30, 2025, Dr. Richard James Gregory has resigned as a member of the Nomination and Corporate Governance Committee.

With effect from June 30, 2025, Dr. Lan Hu has been appointed as a member of the Nomination and Corporate Governance Committee.

With effect from August 27, 2025, Mr. Tingwei Wang has been appointed as a non-executive Director and a member of the Nomination and Corporate Governance Committee.

## REPORT OF DIRECTORS

### (ii) Change in Biographies of Directors

(1) Dr Fangxin Lin resigned as the senior investment manager of WuXi AppTec Singapore Pte. Ltd., a subsidiary of WuXi AppTec Co., Ltd.\* (無錫藥明康德新藥開發股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359) with effect from June 2025; and (2) Dr. Fangxin Li resigned as the non-executive Director of Hua Medicine with effect from 25 June 2025.

Saved as disclosed in this report and as at the date of this report, there are no other changes to the Directors' and Senior Management's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' SERVICE CONTRACTS

The executive Director and each of the non-executive Directors has entered into a service contract with the Company under which the initial term of their respective service contract shall commence from the date of their appointment until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice. Each of the independent non-executive Directors has entered into an appointment letter with the Company effective from the date of the Prospectus, being November 30, 2021, except that Dr. Lan Hu has entered into an appointment letter with the Company effective from February 16, 2022. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years (subject always to re-election as and when required under the Articles of Association) which has been renewed, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### CONTRACT WITH SUBSTANTIAL SHAREHOLDERS

Save for the Strategic Cooperation and Exclusive Marketing Service Agreement as disclosed in the section headed "Contractual Arrangements and Continuing Connected Transactions", which had been entered into prior to the signing of the Baheal Subscription Agreement (as disclosed under the section headed "Issue of Equity Securities"), i.e. prior to Baheal having become a substantial shareholder, no contract of significance was entered into between the Company or any of its subsidiaries and the substantial shareholders or any of its subsidiaries as at December 31, 2025 or subsisted at December 31, 2025 and no contract of significance for the provision of services to the Company or any of its subsidiaries by a substantial shareholder or any of its subsidiaries was entered as at December 31, 2025 or subsisted at December 31, 2025.

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

No transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at December 31, 2025 or at any time as at December 31, 2025.

## REPORT OF DIRECTORS

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. The compensation of Directors and senior management is determined based on each Director and senior management's responsibilities, qualification, position and seniority. Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 10 to the financial statements of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended December 31, 2025.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by our Group to or on behalf of any of the Directors.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at December 31, 2025, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a Director of the Company and/or its subsidiaries.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

### NON-COMPETITION ARRANGEMENTS

No non-competition agreements or arrangement has been provided by the substantial shareholders as at December 31, 2025 or at any time during the Reporting Period.

### MANAGEMENT CONTRACTS

Other than the Directors and senior managements' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at December 31, 2025 or at any time as at December 31, 2025.

### EQUITY-LINKED AGREEMENTS

Apart from the Pre-IPO Equity Incentive Plan, Post-IPO RSU Scheme and Post-IPO Share Option Scheme, the Company has not entered into any equity-linked agreement during the Reporting Period.

## REPORT OF DIRECTORS

### PRE-IPO EQUITY INCENTIVE PLAN

In April 2016, the board of directors of CANbridge Life Sciences approved an equity incentive plan, under which 1,250,000 shares of CANbridge Life Sciences were reserved for granting options to its employees (the “**CANbridge Beijing Equity Incentive Plan**”).

Pursuant to a resolution passed by the Board on July 25, 2019, the 2019 equity incentive plan (the “**Pre-IPO Equity Incentive Plan**”) was adopted to inherit and replace the CANbridge Beijing Equity Incentive Plan and Shares were granted under the Pre-IPO Equity Incentive Plan to replace the Shares of CANbridge Life Sciences previously granted. The Pre-IPO Equity Incentive Plan was amended on 11 June 2021.

#### (a) Summary of principal terms of the Pre-IPO Equity Incentive Plan

**Purpose.** The purpose of the Pre-IPO Equity Incentive Plan is to provide incentives to Directors and employees of the Company or any other third party that the Board considers as contributed or will contribute to the Company. The Pre-IPO Equity Incentive Plan allow our Company to provide such persons with opportunities to (i) acquire Shares of the Company pursuant to options granted, (ii) receive restricted share units and (iii) purchase restricted shares (collectively, the “**Awards**”).

**Eligible Participants.** Any Director and employee of the Company, or any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Company are eligible to participate in the Pre-IPO Equity Incentive Plan. Reference factors for the selection of participants include: (i) the Company’s long-term development strategy; (ii) the status of the Company’s business development; (iii) the Company’s human resources strategy; (iv) the functional characteristics of the participant’s position; (v) the length of service of the participant; and (vi) the job performance of the participant.

**Duration.** Unless terminated sooner in accordance with the terms of the Pre-IPO Equity Incentive Plan, the Pre-IPO Equity Incentive Plan will continue in effect, with regard to the making of Awards, for a term of ten years from its effective date on 25 July 2019, with a remaining life of approximately 4 years and 3 months as of the date of this report. Awards granted during the term of the Pre-IPO Equity Incentive Plan may continue to be valid and exercisable in accordance with their terms of grant.

**Maximum Number of Shares.** As at the Listing Date, the maximum number of Shares that may be subject to the Awards granted and sold under the 2019 Equity Incentive Plan is 54,549,230 Shares and Share Options (including those have subsequently lapsed or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No Share Options were granted for the Reporting Period and no grant was made under the Pre-IPO Equity Incentive Plan which requires review by the Remuneration Committee for the Reporting Period. During the Reporting Period, 510,000 Share Options were exercised and Share Options corresponding to 7,433,623 Shares lapsed. As at December 31, 2025, Share Options corresponding to the remaining 21,653,760 Shares were outstanding. No Shares or Award remain available for grant under the Pre-IPO Equity Incentive Plan as of December 31, 2025. At all times during the term of the Pre-IPO Equity Incentive Plan and while any Awards are outstanding, the Company will retain as authorized and unissued Shares at least the number of Shares from time to time required to satisfy the terms of the Pre-IPO Equity Incentive Plan and such Awards, or otherwise assure itself of its ability to perform its obligations thereunder.

## REPORT OF DIRECTORS

As of the date of this report, 20,767,760 Shares underlying outstanding Awards granted under the Pre-IPO Equity Incentive Plan are available for issue. This represented approximately 3.49% of the total number of Shares in issue (excluding treasury shares) as of the date of this report.

The Pre-IPO Equity incentive Plan has no maximum entitlement of each individual participant nor service provider sublimit under Chapter 17 of the Listing Rules.

**Administration.** The Pre-IPO Equity Incentive Plan will be administered by the Board. The Board will be responsible for the approval, amendment to and termination of the Pre-IPO Equity Incentive Plan, as well as other major decisions such as determining the types of Awards to be granted, determining the number of Shares or restricted share units to be covered by each Award granted, approving the forms of Award agreements, determining the performance review targets for the eligible participants and determining the terms and conditions of any Award. A committee will be appointed by the Board to be responsible for the actual implementation of the Pre-IPO Equity Incentive Plan.

**Awards.** Grant of Awards shall be made in accordance with the Pre-IPO Equity Incentive Plan and in compliance with applicable laws and regulations. Each recipient of an Award shall enter into an Award agreement and any other agreements as determined by the Board. The date of grant of an Award shall be determined by the Company and the recipient at the execution of the Award agreement. The term of each option, restricted share unit or other Award will be stated in the Award agreement.

**(i) Options.** Subject to terms stating otherwise in the relevant Award agreement or as otherwise determined by the Board, the exercise price for Shares to be issued upon exercise of an option granted under the Pre-IPO Equity Incentive Plan is as below:

*For the pool of 1,250,000 Shares reserved under the 2019 Equity Incentive Plan to substitute the shares of CANbridge Life Sciences previously granted under the CANbridge Beijing Equity Incentive Plan*

<b>Time of Grant</b>	<b>Exercise Price</b>
Within 2014	RMB1 or fair market value or otherwise determined by the Board
Within 2015	RMB1.5 or fair market value or otherwise determined by the Board
Within 2016	No less than the corresponding portion of the Company's net asset by the end of 2015 or fair market value or otherwise determined by the Board
Within 2017	No less than the corresponding portion of the Company's net asset by the end of 2016 or fair market value or otherwise determined by the Board
Within 2018	No less than the corresponding portion of the Company's net asset by the end of 2017 or fair market value or otherwise determined by the Board
Within 2019 or onwards	No less than the corresponding portion of the Company's net asset by the end of 2018 or fair market value or otherwise determined by the Board

## REPORT OF DIRECTORS

### *For the remaining pool of 4,204,923 Shares under the 2019 Equity Incentive Plan*

<b>Time of Grant</b>	<b>Exercise Price</b>
Within 2019 or onwards	No less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board

**(ii) Restricted share units and restricted shares.** Under the 2019 Equity Incentive Plan, unless otherwise determined by the Board, for awards or restricted share units and restricted shares made within 2019 or onwards, the price to be paid for the granting of restricted share units and the purchase price of restricted shares will be no less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board.

The consideration to be paid for Shares to be issued upon exercise of an option granted, the granting of a restricted share unit, or the purchase of restricted shares, including the method of payment, will be determined by the Board.

**Vesting.** Options granted will become vested and exercisable, any restricted share units granted will vest and be settled, and any restricted shares issued pursuant to the Pre-IPO Equity Incentive Plan will be released and no longer be subject to forfeiture or a right of repurchase by the Company, according to the terms set out in the Pre-IPO Equity Incentive Plan, and under such conditions as determined by the Board and set forth in an Award agreement.

### **(b) Outstanding Share Options granted under the Pre-IPO Equity Incentive Plan**

As of the Listing Date, our Company had granted Share Options under the Pre-IPO Equity Incentive Plan to 172 grantees to subscribe for an aggregate of 55,708,000 Shares (including grantees whose Shares Options have subsequently lapsed or been exercised). No Share Options were granted for the Reporting Period. During the Reporting Period, 510,000 Share Options were exercised and Share Options corresponding to 7,433,623 Shares lapsed. As at December 31, 2025, Share Options to acquire an aggregate of 21,653,760 Shares, representing approximately 4.24% of the total issued share of the Company (excluding treasury Shares), were outstanding under the Pre-IPO Equity Incentive Plan.

As of December 31, 2025, the grantees of outstanding Share Options under the Pre-IPO Equity Incentive Plan include Dr. Xue being our Chairman of the Board, executive Director and Chief Executive Officer and 3 independent non-executive Directors, 8 consultants and 127 other employees of our Group. Below is a list of grantees of outstanding Share Options (excluding lapsed and exercised Share Options) under the Pre-IPO Equity Incentive Plan. During the Reporting Period, no Share Option under the Pre-IPO Equity Incentive Plan has been granted to other connected persons of the Company and no consideration was paid for the Share Options granted.

## REPORT OF DIRECTORS

Name of grantee	Position held within our Group	Exercise price (per share)	Number of Shares underlying the outstanding Share Options as of January 1, 2025	Date of grant <sup>(Note 4)</sup>	Vesting period <sup>(Note 4)</sup>	Exercise period	Number of Share Options exercised from January 1, 2025 to December 31, 2025	Number of Share Options cancelled from January 1, 2025 to December 31, 2025	Number of Share Options lapsed from January 1, 2025 to December 31, 2025	Number of Shares underlying the outstanding Share Options as of December 31, 2025
<b>DIRECTORS</b>										
Dr. Xue	Chairman of the Board, executive Director and Chief Executive Officer	USD0.52 USD1.179	3,861,140 5,000,000	October 17, 2018 June 11, 2021	(Note 1) (Note 1)	(Note 5) (Note 5)	- -	- -	- -	3,861,140 5,000,000
James Arthur Geraghty	Independent non-executive Director	USD0.589 USD1.179	1,000,000 250,000	July 25, 2019 June 11, 2021	(Note 1) (Note 1)	(Note 5) (Note 5)	- -	- -	- -	1,000,000 250,000
Richard James Gregory	Independent non-executive Director	USD0.706	300,000	April 7, 2020	(Note 2)	(Note 5)	-	-	-	300,000
Peng Kuan Chan	Independent non-executive Director	USD0.753	250,000	June 11, 2021	(Note 1)	(Note 5)	-	-	-	250,000
<b>8 consultants</b>		0–USD1.179	2,930,210	May 1, 2013 – November 8, 2021	(Note 1)	(Note 5)	-	-	-	2,930,210
<b>127 other employees of the Group</b>		RMB0.1 USD1.179	16,006,033	August 7, 2013 – November 8, 2021	Six months from date of grant to five years from date of grant	(Note 5)	510,000	-	7,433,623	8,062,410
<b>Total:</b>			29,597,383				510,000	-	7,433,623	21,663,760

## REPORT OF DIRECTORS

### Notes:

1. The vesting schedule for these Share Options is: (i) 25% to be vested one year from the date of grant and (ii) 75% to be vested in equal monthly installments over the subsequent 36 months thereafter.
2. The vesting schedule for these Share Options is: 100% to be vested in equal monthly installments over the 36 months from the date of grant.
3. The vesting period refers to the period that the Share Options are vested.
4. The share closing price immediately before the date of grant of the Share options are not applicable as the Share Options were granted before the Listing Date.
5. The exercise period for these Share Options is within 10 years from the relevant vesting date.
6. For the 510,000 Share Options exercised by employee participants, 250,000 Share Options were exercised on 5 September 2025, 60,000 Share Options were exercised on 23 September 2025, and 200,000 Share Options were exercised on 20 November 2025. The weighted average closing price of the Shares immediately before each of these dates of exercise is HK\$2.1590.

### (c) Restricted share units and restricted shares

As of December 31, 2025, no restricted share units or restricted shares have been granted under the Pre-IPO Equity Incentive Plan.

### (d) General

Given that during the Reporting Period, the Company did not grant any Awards under the Pre-IPO Equity Incentive Plan, no share may be issued in respect of any Awards under the Pre-IPO Equity Incentive Plan during the Reporting Period and as such, the disclosure requirement under Rule 17.07(3) of the Listing Rules is not applicable.

Further details of the Pre-IPO Equity Incentive Plan are set out in the Prospectus.

## POST-IPO RSU SCHEME

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated November 18, 2021, which was amended on June 27, 2024. As of the date of this report, the Company has appointed a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of RSUs, which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

Where applicable and in accordance with the relevant requirements under the Listing Rules, the Company may use treasury shares to satisfy RSUs granted under the Post-IPO RSU Scheme.

## REPORT OF DIRECTORS

A summary of the principal terms of the Post-IPO RSU Scheme is set out as follows.

### 1. Eligible Persons to the Post-IPO RSU Scheme

Any individual, being an employee, a director (including executive Directors, non-executive Directors and independent non-executive Directors) or a service provider of a member of the Group who the Board considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board (an “Award”) (an “Eligible Person” and, collectively “Eligible Persons”, for the purpose of this section), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme.

Service provider means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity (“Service Providers, each a “Service Provider”, for the purpose of this section).

### 2. Purpose of the Post-IPO RSU Scheme

The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons’ with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

### 3. Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board, it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

Unless the Board decides otherwise and specifies the same in the award letter, no consideration is payable for the grant of an Award.

### 4. Scheme Limit

The maximum number of Shares which may be allotted and issued in respect of all Awards that may be granted under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the “Post-IPO RSU Scheme Limit”). Awards lapsed in accordance with the terms of the Post-IPO RSU Scheme shall not be counted for the purpose of calculating the Post-IPO RSU Scheme Limit.

## REPORT OF DIRECTORS

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Awards that may be granted to Service Providers under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1% of the issued share capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the limit is approved by the shareholders of the Company).

No Award may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Post-IPO RSU Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the Post-IPO RSU Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time, without Shareholders' approval. During the Reporting Period, no RSUs were granted by the Company under the Post-IPO RSU Scheme. Accordingly, the maximum number of RSUs available for grant under the Post-IPO RSU Scheme (i.e. maximum number of Shares which may be allotted and issued) as at January 1, 2025 and December 31, 2025, taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 42,483,832, representing approximately 8.31% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025. The maximum number of RSUs available for grant under the Post-IPO RSU Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued) as at January 1, 2025 and December 31, 2025, taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service Providers, was 4,248,383, representing approximately 0.83% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025.

During the Reporting Period, no RSUs were granted under the Post-IPO RSU Scheme, while 581,400 RSUs were vested and exercised, and 1,631,600 lapsed. As at December 31, 2025, the Company has 4,581,750 RSUs outstanding.

As of the date of this report, and inclusive of the 6,372,575 RSUs granted after the Reporting Period on January 12, 2026 (as disclosed by the announcement of the same date), 36,677,007 RSUs are available for grant and 10,334,575 are outstanding RSUs granted under the Post-IPO RSU Scheme, respectively representing approximately 6.16% and 1.74% of the total number of Shares (excluding treasury Shares) in issue as at the date of this report.

### 5. Vesting of Awards

The Board may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested. If the vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in the Shares, be the business day immediately thereafter.

In accordance with the Listing Rules, the vesting period shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

- (i) grants of selected participants who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;

## REPORT OF DIRECTORS

- (ii) where vesting of the Award is accelerated in accordance with the provisions of the Post-IPO RSU Scheme;
- (iii) where the grants of Award contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;
- (iv) grants of Awards that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and

grants of Awards with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months).

### 6. Termination

The Post-IPO RSU Scheme shall be valid and effective for the period of ten years commencing on the date when the Post-IPO RSU Scheme becomes unconditional (i.e. December 10, 2021) (subject to any early termination below) with a remaining life of approximately 5 years and 8 months as of the date of this report. The Post-IPO RSU Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the date on which this scheme is adopted except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

### 7. Administration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme shall be subject to the administration of the Board in accordance with the Post-IPO RSU Scheme and, where applicable, the Trust Deed. The authority to administer the Post-IPO RSU Scheme may be delegated by the Board to a committee of the Board or any person(s) as deemed appropriate at the sole discretion of the Board. A decision of the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO RSU Scheme.

As of January 1, 2025 (i.e. the beginning of the Reporting Period), there were 6,794,750 outstanding RSUs granted.

## REPORT OF DIRECTORS

The details of the movement in the RSUs under the Post-IPO RSU Scheme during the Reporting Period are set out below:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	Number of shares underlying RSUs							outstanding as of December 31, 2025	Vesting period	Performance targets	Fair value of RSUs at the date of grant <sup>(Note 4)</sup>
			outstanding as of 1 January 2025	granted during the Reporting Period <sup>(Note 3)</sup>	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	settled during the Reporting Period	outstanding as of December 31, 2025				
<b>Directors or chief executive and their associates</b>													
Dr. Xue	November 11, 2022	HK\$2.68	843,750	-	75,000	-	-	-	-	843,750	4 years	Notes 1 and 2	HK\$732,000
	April 9, 2024	HK\$0.305	1,800,000	-	1,485,000	-	-	-	-	1,800,000	4 years	Notes 1 and 2	HK\$242,000
<b>Other employee participants</b>													
	November 11, 2022	HK\$2.68	1,395,000	-	191,000	672,000	-	-	45,000	678,000	4 years	Note 1 and 2	HK\$1,044,000
	February 7, 2024	HK\$0.41	2,756,000	-	931,100	959,600	-	-	536,400	1,260,000	4 years	Notes 1 and 2	HK\$426,000
<b>Total:</b>			<b>6,794,750</b>		<b>2,682,100</b>	<b>1,631,600</b>			<b>581,400</b>	<b>4,581,750</b>			

*Notes:*

- The vesting of the RSUs granted are subject to the individual performance review as set out in the respective grant documents.
- The vesting of the RSUs granted are subject to certain milestones or performance targets relating to the business development of the Group.
- In respect of Dr Xue, 6,250 RSUs vested on each of 11 January 2025, 11 February 2025, 11 March 2025, 11 April 2025, 11 May 2025, 11 June 2025, 11 July 2025, 11 August 2025, 11 September 2025, 11 October 2025, 11 November 2025 and 11 December 2025; 135,000 RSUs vested on 9 April 2025; 11,250 RSUs vested on each of 9 May 2025, 9 June 2025, 9 July 2025, 9 August 2025, 9 September 2025, 9 October 2025, 9 November 2025; and, 1,271,250 vested on 9 December 2025. The weighted average closing price of the Shares immediately before each of these dates of vesting was HK\$2.0049. In respect of other employee participants, 45,000 RSUs vested on May 11, 2025, 146,000 RSUs vested on November 11, 2025, 456,400 RSUs vested on February 7, 2025, 4,700 RSUs vested on March 7, 2025, 80,000 RSUs vested on May 11, 2025, 78,000 RSUs vested on August 7, 2025, and 312,000 RSUs vested on December 9, 2025. The weighted average closing price of the Shares immediately before each of the dates of vesting was HK\$2.0680.
- The above column in relation to shares underlying RSUs settled during the Reporting Period refers to vested RSUs where shares have been delivered or where RSUs were otherwise settled.
- The fair value of RSUs at the date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements based on the closing price of grant date.

Further details of the Post-IPO RSU Scheme are set out in the Company's circular dated June 6, 2024.

# REPORT OF DIRECTORS

## POST-IPO SHARE OPTION SCHEME

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by resolutions of our Shareholders on November 18, 2021 and as amended on June 27, 2024 is as follows.

### 1. Purpose

The purpose of the Post-IPO Share Option Scheme is to align the interests of Eligible Persons with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

### 2. Grantees

Any individual, being an employee, a director (including executive directors, non-executive directors and independent non-executive directors), or a service provider of any member of our Group who the Board may in its absolute discretion select to grant a right to subscribe for such number of Shares (an “**Option**”) as the Board may determine at the Subscription Price (as defined below) (“**Eligible Person**”, for the purpose of this section), who accepts the offer or grant of an Option in accordance with the terms of the Post-IPO Share Option Scheme.

Service provider means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity (“**Service Providers**, each a “**Service Provider**”, for the purpose of this section).

### 3. Maximum number of Shares for subscription

The maximum number of Shares which may be allotted and issued in respect of all Options that may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued share capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the “**Post-IPO Share Option Scheme Limit**”). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the 10 per cent limit. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

## REPORT OF DIRECTORS

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Options that may be granted to Service Providers under the Post-IPO Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the limit is approved by the shareholders of the Company).

No Option may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Post-IPO Share Option Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the Post-IPO Share Option Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time, without Shareholders' approval. During the Reporting Period, no Options were granted by the Company under the Post-IPO Share Option Scheme. Accordingly, the maximum number of Options available for grant under the Post-IPO Share Option Scheme (i.e. maximum number of Shares which may be allotted and issued) as at January 1, 2025 and December 31, 2025, taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 42,483,832, representing approximately 8.31% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025. The maximum number of Options available for grant under the Post-IPO Share Option Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued) as at January 1, 2025 and December 31, 2025, taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service Providers, was 4,248,383, representing approximately 0.83% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025.

The maximum number of Shares shall be adjusted, in such manner as the auditor of the Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

During the Reporting Period, no share options were granted under the Post-IPO Share Option Scheme and 804,250 share options were exercised, and 5,772,421 share options lapsed. As at December 31, 2025, the Company has 8,749,500 share options outstanding.

As of the date of this report, and inclusive of the 6,372,575 share options granted after the Reporting Period on January 12, 2026 (as disclosed by the announcement of the same date), 36,591,132 options are available for grant and 14,128,700 are outstanding options granted under the Post-IPO Share Option Scheme, respectively representing approximately 6.15% and 2.37% of the total number of Shares (excluding treasury Shares) in issue as at the date of this report.

## REPORT OF DIRECTORS

### 4. Vesting of options

Subject to the Post-IPO Share Option Scheme, the Listing Rules and any applicable law and regulations, any options will become vested and exercisable and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms of the Post-IPO Share Option Scheme at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant option. In accordance with the Listing Rules, the vesting period (namely, the period between the date of commencement of the Post-IPO Share Option Scheme and the date on which the Option Period commences) shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

- (i) grants of Options to Eligible Persons who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;
- (ii) where vesting of the Options granted is accelerated in accordance with the provisions of the Post-IPO Share Option Scheme;
- (iii) where the grants of Options contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;
- (iv) grants of Options that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and

grants of Options with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months), for the avoidance of doubt, any non-statutory long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period.

## REPORT OF DIRECTORS

### 5. Subscription Price

No consideration is payable on application or acceptance of the Option granted under the Post-IPO Share Option Scheme. The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the Option being exercised shall be determined by the Board at its absolute discretion and notified to any grantee which shall be not less than the highest of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day; and
- (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company’s Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

### 6. Time of exercise of an Option

Subject as provided in the Post-IPO Share Option Scheme and any conditions specified by the Board, an Option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

### 7. Lapse of Option

Any Option shall lapse automatically and not be exercisable on the earliest of:

- (a) the expiry of the Option Period or other applicable exercisable periods under the Post-IPO Share Option Scheme;
- (b) the date of the commencement of the winding-up of the Company;
- (c) the date on which the Grantee ceases to be an Eligible Person of the Company by reason of the summary termination of his employment or office or service on any one or more of the grounds that he has been guilty of gross misconduct, or has been convicted of any criminal offense involving his integrity or honesty that seriously impair the interests or benefits of the relevant member of the Group or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant member of the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee’s service contract with the relevant member of the Group;
- (d) where the Grantee is an Eligible Person of a member of the Group (other than the Company), the date on which such member of the Group ceases to be a member of the Group;

## REPORT OF DIRECTORS

- (e) the date on which the Grantee commits a breach of selling, transferring, charging, assigning mortgage, encumber or creating any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option; or
- (f) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

### 8. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional (i.e. 10 December 2021), after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The Post-IPO Share Option Scheme has a remaining life of approximately 5 years and 8 months as of the date of this report.

### 9. Termination

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further Options will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force in all other respects. All Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

### 10. Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO Share Option Scheme.

As of January 1, 2025 (i.e. the beginning of the Reporting Period), there was 15,326,171 outstanding Options granted under the Post-IPO Share Option Scheme.

## REPORT OF DIRECTORS

The details of the movement in the Options under the Post-IPO Share Option Scheme during the Reporting Period are set out below:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the Options were granted <sup>(Note 3)</sup>	outstanding as of January 1, 2025	granted during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of December 31, 2025	Exercise price	Vesting period	Performance targets	Exercise period	Fair value of Options at the date of grant <sup>(Note 4)</sup>
<b>Directors or chief executive and their associates</b>													
Dr. Xue	November 11, 2022	HK\$2.68	1,000,000	-	-	-	-	1,000,000	HK\$2.68	4 years	Notes 1 and 2	Note 3	HK\$867,000
	9 April 2024	HK\$0.305	1,800,000	-	-	-	-	1,800,000	HK\$0.315	4 years	Notes 1 and 2	Note 3	HK\$242,000
<b>Other employee participants</b>													
	June 27, 2022	HK\$3.81	2,039,421	-	1,414,421	-	-	625,000	HK\$3.90	4 years	Note 1	Note 3	HK\$3,756,000
	November 11, 2022	HK\$2.68	3,191,750	-	1,538,250	-	-	1,653,500	HK\$2.68	4 years	Note 1 and 2	Note 3	HK\$2,160,000
	February 7, 2024	HK\$0.41	7,295,000	-	2,819,750	-	804,250	3,671,000	HK\$0.41	4 years	Notes 1 and 2	Note 3	HK\$985,000
<b>Total:</b>			<b>15,326,171</b>	<b>-</b>	<b>5,772,421</b>	<b>-</b>	<b>804,250</b>	<b>8,749,500</b>					

### Notes:

- The vesting of the Options granted are subject to the individual performance review as set out in the respective grant documents.
- The vesting of the Options granted are subject to certain milestones or performance targets relating to business development of the Group.
- The grantees may exercise the Options in whole or in part since the Options become vested and exercisable until the tenth anniversary of the date of grant so long as the grantee remains an eligible grantee.
- The fair value of Options at the date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements based on the binomial model as at the date of grant, taking into account the terms and conditions upon which the options were granted.
- In respect of the 804,250 options exercised by other employee participants, 120,000 Options were exercised on 2 September 2025, 277,500 Options were exercised on 3 September 2025, 35,000 Options were exercised on 4 September 2025, 70,000 Options were exercised on 5 September 2025, 60,000 Options were exercised on 8 September 2025, 48,000 Options were exercised on 12 September 2025, 100,000 Options were exercised on 15 September 2025, 47,750 Options were exercised on 20 November 2025, 10,000 Options were exercised on 8 December 2025 and 35,000 Options were exercised on 31 December 2025. The weighted average closing price of the Shares immediately before each of the dates of exercise is HK\$2.3680.

Among the Options granted by the Company to the grantees under the Post-IPO Share Option Scheme, 1,800,000 Options were granted to Dr. Xue, the chairman of the Board, an executive Director and the chief executive officer of the Company, and hence, a connected person of the Company. The grant of Options to Dr. Xue was approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. Dr. Xue had abstained from voting on the resolutions relating to the Options granted to himself and had not been counted towards the quorum of the Board meeting in respect of such resolutions.

## REPORT OF DIRECTORS

### *Others*

Save as disclosed above, as of December 31, 2025, no outstanding awards, RSUs or share options was granted under the Pre-IPO Equity Incentive Scheme, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme to

- (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates;
- (ii) participant with options and awards granted and to be granted in excess of the 1% individual limit; or
- (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares.

Further details of the Post-IPO Share Option Scheme are set out in the Company's circular dated June 6, 2024.

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

As at the December 31, 2025, interests or short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with the section 352 of the SFO; or which shall be separately notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

### Interests of our Directors in the Shares or Underlying Shares of the Company

#### Long Position in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
James Qun Xue	Interest in controlled corporation <sup>(1)</sup>	26,042,380	5.10%
	Founder of a discretionary trust <sup>(2)</sup>	15,000,000	2.93%
	Beneficial interest <sup>(3)</sup>	15,144,031	2.96%
James Arthur Geraghty	Beneficial interest <sup>(4)</sup>	1,950,000	0.38%
Richard James Gregory	Beneficial interest <sup>(5)</sup>	300,000	0.06%
Peng Kuan Chan	Beneficial interest <sup>(6)</sup>	250,000	0.05%

## REPORT OF DIRECTORS

### Notes:

- \* The calculation is based on the total number of 511,120,234 Shares issued as at December 31, 2025.
- (1) CTX Pharma Holdings Limited directly held 26,042,380 Shares and is wholly-owned by Dr. Xue.
- (2) 15,000,000 Shares of our Company are held by JQX 2021 Gift Trust (a trust set up by Dr. Xue as settlor, the spouse of Dr. Xue as trustee and Dr. Xue's family members as the beneficiaries, the "**Family Trust**"). Under the terms of the Family Trust, Dr. Xue has the power to exercise all the voting rights attached to the Shares of our Company. Accordingly, Dr. Xue is deemed interested in the Shares held by the Family Trust.
- (3) Dr. Xue beneficially holds 733,050 Shares of our Company under his own name and 106,091 Shares of our Company via a nominee which were derived from the exercising of Share Options under Pre-IPO Equity Incentive Plan and the settlement of RSUs under Post-IPO RSU Scheme respectively. As at December 31, 2025, Dr. Xue held the following outstanding options and RSUs: (i) Share Options that represent 8,861,140 Shares as adjusted after the Share Subdivision, under the Pre-IPO Equity Incentive Plan; (ii) 2,800,000 share options under the Post-IPO Share Option Scheme; and (iii) 2,643,750 RSUs under the Post-IPO RSU Scheme.
- (4) Mr. James Arthur Geraghty beneficially holds 700,000 Shares of our Company under his own name which were derived from the exercising of Share Options under Pre-IPO Equity Incentive Plan. Pursuant to the Pre-IPO Equity Incentive Plan, Mr. James Arthur Geraghty was granted with Shares Options that represent 1,250,000 Shares.
- (5) Pursuant to the Pre-IPO Equity Incentive Plan, Mr. Richard James Gregory was granted with Shares Options that represent 300,000 Shares
- (6) Pursuant to the Pre-IPO Equity Incentive Plan, Mr. Peng Kuan Chan was granted with Shares Options of 250,000 Shares.

Save as disclosed above, so far as the Directors are aware, as at the December 31, 2025 none of our Directors or chief executives has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## REPORT OF DIRECTORS

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

So far as the Directors or chief executive of the Company are aware, as at December 31, 2025, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long Position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
CTX Pharma Holdings Limited <sup>(1)</sup>	Beneficial interest	26,042,380	5.10%
WuXi AppTech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) (“Wuxi AppTech”) <sup>(2)</sup>	Interest in controlled corporation	40,346,960	7.89%
Athos Capital Limited <sup>(3)</sup>	Interest in controlled corporation	12,616,590	2.47%
Athos Asia Event Driven Master Fund <sup>(3)</sup>	Beneficial interest	9,353,241	1.83%
Friedrich Bela Schulte-Hillen <sup>(3)</sup>	Interest in controlled corporation	12,616,590	2.47%
Matthew Love Moskey <sup>(3)</sup>	Interest in controlled corporation	12,616,590	2.47%
Baheal Wellness Industry International Trading Limited <sup>(4)</sup>	Beneficial interest	97,149,468	19.01%
Qingdao Baheal Medical Inc. <sup>(4)</sup>	Interest in controlled corporation	97,149,468	19.01%
Baheal Pharma Group Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	97,149,468	19.01%
Beijing Baiyang Huikang Science and Technology Innovation and Development Co., Ltd. (北京百洋匯康科技創新發展有限公司) <sup>(4)</sup>	Interest in controlled corporation	97,149,468	19.01%
Beijing Baiyang Tongxing Management Consulting Co., Ltd. (北京百洋同興管理諮詢有限公司) <sup>(4)</sup>	Interest in controlled corporation	97,149,468	19.01%
FU Gang <sup>(4)</sup>	Interest in controlled corporation	97,149,468	19.01%

## REPORT OF DIRECTORS

### Notes:

- \* The calculation is based on the total number of 511,120,234 Shares issued as at the December 31, 2025.
- (1) CTX Pharma Holdings Limited is an exempted company with limited liability incorporated in the British Virgin Islands and holds 26,042,380 Shares in our Company. CTX Pharma Holdings Limited is wholly-owned by Dr. Xue.
- (2) WuXi AppTec (HongKong) Limited, company incorporated in Hong Kong on March 26, 2012 holding 20,554,860 Shares of our Company, is a wholly-owned subsidiary of WuXi AppTec. Moreover, WuXi PharmaTech Healthcare Fund I L.P. is an exempted limited partnership established in the Cayman Islands directly holding 19,792,100 Shares in our Company. All limited partnership interests of WuXi PharmaTech Healthcare Fund I L.P. are held by Wuxi Apptec and the general partner of WuXi PharmaTech Healthcare Fund I L.P. is a wholly-owned subsidiary of WuXi AppTec. Accordingly, Wuxi Apptec is deemed interested in the Shares held by each of WuXi AppTec (HongKong) Limited and WuXi PharmaTech Healthcare Fund I L.P..
- (3) Athos Capital Limited, a company incorporated in Hong Kong, serves as investment manager of Athos Asia Event Driven Master Fund, an exempted limited partnership established in Cayman Islands, directly holding 9,353,241 Shares in our Company, FMAP ACL Limited, a limited company established in Cayman Islands, directly holding 1,977,426 Shares in our Company, KLS Athos Event Driven Fund, an exempted limited partnership established in Cayman Islands, directly holding 81,918 Shares in our Company, and New Holland Tactical Alpha Fund LP, an exempted limited partnership incorporated in Cayman Islands, directly holding 1,204,005 Shares in our Company. Based on the disclosure of interests forms submitted by the shareholders, Mr. Moskey Matthew Love has 66% of the interest in Athos Capital Limited. Mr. Schulte-Hillen Friedrich Bela has 34% of the interest in Athos Capital Limited.
- (4) Baheal Wellness Industry International Trading Limited is wholly owned by Qingdao Baheal Medical Inc., which is in turn owned as to 67.22% by Baheal Pharma Group Co., Ltd. Baheal Pharma Group Co., Ltd. is owned as to 80% by Beijing Baiyang Huikang Science and Technology Innovation and Development Co., Ltd., which is in turn owned as to 52% by Beijing Baiyang Tongxing Management Consulting Co., Ltd. Beijing Baiyang Tongxing Management Consulting Co., Ltd. is wholly owned by Fu Gang.

Except as disclosed in this section, as far as the Directors are aware, as at December 31, 2025, no person owns interests and short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

### ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time from the Listing Date to the date of this report, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

### MAJOR SUPPLIERS AND CUSTOMERS

In the Reporting Period, revenue from the Group's largest customer accounted for 57.8% of the Group's total revenue. Revenue from the Group's five largest customers accounted for 100% of the Group's total revenue.

In the Reporting Period, purchase from the Group's largest supplier accounted for 25.2% of the Group's total purchase. Purchase from the Group's five largest suppliers accounted for 72.1% of the Group's total purchase.

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

## REPORT OF DIRECTORS

The top five largest customers consist of hospitals and medical products trade companies, and their length of business relationship with the Company range from one to four years. We do not rely on one single major customer and our top five largest customers contributed to 100% of our total revenue over the Reporting Period. When determining the credit term of a customer or a distributor, we consider a number of factors, including its cash flow conditions and creditworthiness as well as the local medical care policy and market environment. We have policies to monitor and manage the settlement of trade receivables and our subsequent settlement of trade receivables with our top five major customers have been in line with those with our other customers and no provisions are necessary. To monitor the settlement of our trade receivables, we conduct annual review of each customer's or distributor's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer or distributor in the respective period. Pursuant to our distribution agreement, when our distributor fails to make a payment within the credit term, we may, at our discretion, terminate the distribution arrangement or take certain other measures as appropriate.

In order to minimise concentration of credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management has monitoring procedures to ensure follow-up action is taken to recover overdue receivables.

### TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

As at the date of this annual report, the Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their holding of the Company's securities.

### HUMAN RESOURCES

The Group had 41 employees as at December 31, 2025, of which the number of male and female employees are 21 and 20, respectively (accounted for 51% and 49% respectively). In response to the challenging economic and financing environment, the Company undertook measures to optimize its workforce, resulting in a reduction in headcount. Despite these adjustments, the Company remains committed to maintaining operational efficiency and supporting its employees.

The Group's employees' remuneration consists of salaries, bonuses, share-based incentive plans, an employees' provident fund, and social security contributions and other welfare payments. In accordance with applicable laws in China and other relevant jurisdictions, we have made contributions to social security insurance funds (including pension plans, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance) and housing funds for the employees of the Group.

We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees periodically in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. We also provide training and development programs to our employees and external training sessions from time to time to improve their technical skills and ensure their awareness and compliance with our various policies and procedures.

## REPORT OF DIRECTORS

### RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local government. The subsidiaries operating in China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the Reporting Period, (i) there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, (ii) there had been no utilization of such forfeited contributions to reduce future contributions, and (iii) no forfeited contributions had been used by the Group to reduce the existing level of contributions.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 31 to the financial statements contained herein.

Save as disclosed in this report, the related party transactions disclosed in note 31 were not regarded as connected transactions or continuing connected transactions in Chapter 14A to the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

### CONTRACTUAL ARRANGEMENTS AND CONTINUING CONNECTED TRANSACTIONS

#### Contractual Arrangements

The Group entered into a series of Contractual Arrangements which constitute non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

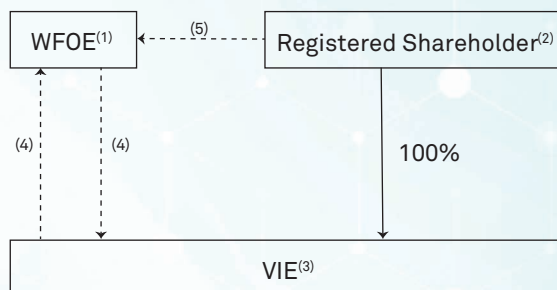
#### Background

As advised by the Company's PRC legal adviser, the development and application of gene therapeutic technologies and products falls into the scope of the "prohibited" category of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) according to the Foreign Investment Law (the "FIL"). As such, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

In order to comply with the relevant PRC laws and regulations while achieving the commercial intention of the parties, the contractual arrangements were entered into among the WFOE, the VIE and the Registered Shareholder (the "Contractual Arrangements"), pursuant to which the WFOE shall have effective control over the finance and operations of the VIE and enjoy the entire economic interests and benefits generated by the VIE despite the lack of registered equity ownership.

## REPORT OF DIRECTORS

The following simplified diagram illustrates the flow of economic benefits from the VIE and its future subsidiaries (if any) to the Group under the Contractual Arrangements:



“ ——— ” Denotes legal and beneficial ownership in the equity interest

“ - - - - - ” Denotes the Contractual Arrangements

Notes:

- (1) As of the date of this report, the WFOE is wholly-owned by Cambridge Care Pharma Hongkong Limited, which is in turn wholly-owned by the Company.
- (2) As of the date of this report, the VIE is wholly-owned by Registered Shareholder.
- (3) As of the date of this report, the VIE has no subsidiary.
- (4) The WFOE shall provide consultancy, technology and other services in exchange for service fees from the VIE under the Exclusive Business Cooperation Agreement. The Registered Shareholder executed the Exclusive Option Agreement in favour of the WFOE for the acquisition of 100% equity interests and/or assets in the VIE.
- (5) The Registered Shareholder pledged as first charge all of his equity interests in the VIE to the WFOE as security for his performance and the performance of the VIE under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, and Power of Attorney, as applicable. The Registered Shareholder executed the Power of Attorney in favour of the WFOE in respect of its rights as the shareholder of the VIE.

### Summary of the Contractual Arrangements

A brief description of each of the specific agreements that comprise the Contractual Arrangements entered into by the WFOE, the VIE and the Registered Shareholder, is set out as follows:

## REPORT OF DIRECTORS

### (a) *Exclusive Business Cooperation Agreement*

The WFOE entered into the exclusive business cooperation agreement with the VIE and the Registered Shareholder on June 10, 2022 (the “**Exclusive Business Cooperation Agreement**”), pursuant to which the VIE shall engage the WFOE as its exclusive service provider of technology consultation, technical services and other related services, including but not limited to, consulting service in relation to asset management and business operation, debt management, mergers and acquisition, drug development, technical support and technology development, technology transfer and technical support, and/or other services that are negotiated by the WFOE and the VIE from time to time according to business needs and ability to provide such services. Without the prior consent of the WFOE, the VIE and its future subsidiaries (if any) shall not directly or indirectly accept any same or similar service provided by any third party and shall not establish same or similar cooperative relationships with any third party, except for the service provided by third parties in the ordinary course of business. The WFOE has the exclusive proprietary rights and interests in any and all intellectual property rights created or developed by the VIE and its future subsidiaries (if any) during the performance of the Exclusive Business Cooperation Agreement.

The service fee shall be paid to the WFOE and shall consist of 100% of the total consolidated profit of the VIE and its future subsidiaries (if any) after deduction of any accumulated deficit in respect of the preceding financial year(s), taxes, the profits obtained by the VIE in accordance with the arm’s length principle and dividends gained from the VIE in any financial year.

The Exclusive Business Cooperation Agreement shall remain effective from the execution date until it is terminated by the WFOE, the VIE and the Registered Shareholder unanimously or the WFOE is allowed to conduct the development and application of gene therapeutic technologies and products in accordance with PRC laws and regulations pursuant to the terms of the Exclusive Business Cooperation Agreement.

### (b) *Exclusive Option Agreement*

The VIE and its Registered Shareholder entered into the exclusive option agreement with the WFOE on June 10, 2022 (the “**Exclusive Option Agreement**”), pursuant to which the WFOE (or the nominee) was granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of the VIE, in whole or in part at the sole and absolute discretion of the WFOE (the “**Exclusive Option**”), to the extent permitted under the PRC laws and regulations. The purchase price shall be at nil consideration or the lowest price permitted by applicable PRC laws and regulations and the Registered Shareholder shall, subject to the relevant PRC laws and regulations, return to the VIE or the WFOE or the nominee(s) any consideration received in full.

The Exclusive Option Agreement shall remain effective from the execution date until all of the equity interest in and the assets of the VIE have been transferred to the WFOE (or the nominee), or it is terminated by the WFOE at any time with 30 days’ advance written notice.

## REPORT OF DIRECTORS

### (c) *Share Pledge Agreement*

The VIE and its Registered Shareholder entered into the share pledge agreement with the WFOE on June 10, 2022 (the “**Share Pledge Agreement**”), pursuant to which the Registered Shareholder agreed to pledge all of his equity interests in the VIE to secure his performance and the performance of the VIE under the Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Power of Attorney. The Registered Shareholder agreed that the rights of the WFOE with respect to the pledge thereunder shall not be interrupted or impacted by the Registered Shareholder or its successors, heirs or representatives, or any other persons through any legal proceedings. If the VIE declares any dividend during the term of the pledge, the WFOE is entitled to receive all such dividends distributed on the pledged equity interest, if any. Pursuant to the Share Pledge Agreement, the Registered Shareholder has undertaken to the WFOE, among other things, not to transfer or encumber its equity interest in the VIE without the prior written consent of the WFOE.

The share pledge takes effect upon the completion of registration with the relevant administration for market regulation and shall remain valid until all the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney have been fully performed, or becomes invalid or expired, or terminated (whichever is later) pursuant to the terms of the Share Pledge Agreement.

### (d) *Power of Attorney*

Pursuant to the power of attorney dated June 10, 2022 (the “**Power of Attorney**”), the Registered Shareholder irrevocably and exclusively shall grant the WFOE or its nominee(s) (including but not limited to the directors of the offshore parent company of the WFOE but except for any persons who may have conflicts of interest) the power to exercise all rights of the shareholders as set out in the then valid articles of association of the VIE and relevant laws and regulations, including but not limited to, the rights to execute any documents as the shareholder of the VIE and to file any required documents to relevant government authorities, to exercise all the shareholder’s rights and shareholder’s voting rights pursuant to the relevant PRC laws and regulations and the then effective articles of association of the VIE, to act on behalf of the shareholder of the VIE in submission or registration of any required documents with governmental authorities, and to receive dividend, to sell or transfer the equity interest in and/or assets of the VIE, in whole or in part, to deal with the asset of the VIE.

The Power of Attorney shall remain effective from the execution date and shall have the same validity term as that of Exclusive Business Cooperation Agreement pursuant to the terms of the Power of Attorney.

### (e) *Spouse Undertakings*

Pursuant to the spouse undertakings dated June 10, 2022, the spouse of Registered Shareholder being an individual shall irrevocably agree that all the equity interest held by the Registered Shareholder in the VIE and all the benefits generated from these equity interest do not form part of his or her matrimonial property and he/she as the spouse has no rights thereto.

## REPORT OF DIRECTORS

### Reasons for Adoption of the Contractual Arrangements

The Company has a track record of successfully developing and commercializing rare disease therapies across the key markets including China. Enabled by new technologies, gene therapies have become an emerging solution for rare diseases and serve as a promising solution for a broad spectrum of rare diseases by fundamentally addressing the underlying cause of the diseases.

The Company has been developing its strategic layout and has been investing in prospective gene therapy assets, and expects to conduct gene therapy related activities. The research, development and commercialization of each of the gene therapy and related products are subject to foreign ownership restriction imposed by the relevant PRC laws and regulations, the Company therefore operates the research, development and commercialization of gene therapy and related products (the “**Relevant Business**”) through the Contractual Arrangements.

The Company will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Business to the extent permissible and will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Business to be conducted and operated by our subsidiaries without such arrangements in place.

### Risks relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- There is no assurance that the Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Contractual Arrangements do not comply with applicable regulations.
- It is uncertain whether the Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.
- It is uncertain whether the Contractual Arrangements will be found or deemed to be in violation of the foreign investment access requirements and how the Contractual Arrangements will be handled in such scenario. Therefore, it may be possible that the Contractual Arrangements and the VIE’s business will be adversely affected in the future due to the development and changes in PRC laws and regulations.
- The Contractual Arrangements may not be as effective as direct ownership in providing control over the VIE.
- The Registered Shareholder may potentially have a conflict of interests with the Group.
- The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.

## REPORT OF DIRECTORS

- The Group's financial results and financial position may be adversely affected by the worsening financial performance of the Target Group and the need to provide financial support to it.
- Substantial amount of other costs (if any) and time may be involved in acquiring and transferring the ownership of the VIE, which may have a material adverse impact on the WFOE and/or the VIE's businesses, prospects and profitability.
- Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws.
- The Company does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

The Contractual Arrangements contain certain provisions in order to exercise effective control over and to safeguard the assets of the VIE. In addition to the internal control measures as provided in the Contractual Arrangements, it is the intention of the Company, to implement, through the WFOE, additional internal control measures against the VIE as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include but not limited to:

- (i) as part of the internal control measures, major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on a continuous basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;
- (iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;
- (v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements and both legal and compliance issues in relation to the WFOE and the VIE and its future subsidiaries (if any) in order to deal with specific issues or matters arising from the Contractual Arrangements; and
- (vi) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Business to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Business to be conducted and operated by our subsidiaries without such arrangements in place.

## REPORT OF DIRECTORS

### Listing Rules Implications and Waivers from the Stock Exchange

As a result of the Contractual Arrangements, the Registered Shareholder, as sole shareholder of the VIE (a subsidiary of the Company), became a connected person of the Company at subsidiary level. As such, the transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) fixing the term of the Contractual Arrangements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap for the fees payable by the VIE to the WFOE under the Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules, subject to the following conditions:

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent Shareholders' approval;
- (c) the Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the VIE and its future subsidiaries (if any);
- (d) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the VIE, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business in the PRC as that of the VIE which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (e) we will disclose details relating to the Contractual Arrangements on an on-going basis.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into (i) in the ordinary and usual course of business of our Group, (ii) according to the Contractual Arrangements and (iii) are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and our Company's internal control procedures are adequate and effective to ensure that transactions are so conducted. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

For further details of the waivers granted by the Stock Exchange, please refer to the announcement of the Company dated July 8, 2022 (the "**VIE Announcement**").

## REPORT OF DIRECTORS

### The Strategic Cooperation and Exclusive Marketing Service Agreement

On August 11, 2025, CANbridge Care Pharma Hong Kong Limited (“**CANbridge CARE Pharma**”), CANbridge (Shanghai) Life Sciences Ltd. (“**CANbridge Shanghai**”) and Beijing Baheal Zhihe Medical Achievement Transformation Service Co., Ltd. (“**Baheal Zhihe**”) entered into the strategic cooperation and exclusive marketing service agreement (the “**Strategic Cooperation and Exclusive Marketing Service Agreement**”), for a term commencing on August 11, 2025 and ending on December 31, 2035, unless terminated earlier in accordance with the relevant terms of the Strategic Cooperation and Market Service Agreement.

Pursuant to the Strategic Cooperation and Exclusive Marketing Service Agreement, CANbridge CARE Pharma and CANbridge Shanghai agreed to exclusively engage Baheal Zhihe as the contract sales organization(s) for marketing service for the products (namely Hunterase<sup>®</sup>, Livmarli<sup>®</sup> and Gaurunning<sup>®</sup>) in the designated regions (namely Mainland China, Hong Kong and Macau), subject to the upstream license agreements between the relevant members of the Group and the respective licensors of these products (including the relevant licensor’s consent as applicable). Upon written request from Baheal Zhihe, CANbridge CARE Pharma and CANbridge Shanghai shall use its reasonable commercial efforts to promptly authorize Baheal Zhihe’s designated affiliate (Hebei Baheal Chengda Pharmaceutical CO., Ltd) as the sole general distributor of the products in the designated regions, where Baheal Zhihe’s designated affiliate shall be responsible for the import (if applicable) and distribution of the products.

Given that Baheal Zhihe is a subsidiary of Baheal and hence an associate Baheal, Baheal Zhihe is a connected person of the Company.

Baheal Zhihe would pay the Group a strategic engagement fee of RMB50 million within five days from the signing of the Strategic Cooperation and Exclusive Marketing Service Agreement. As at December 31, 2025, RMB50 million has been paid by Baheal Zhihe to the Group, of which RMB782 thousand was recognized as revenue in 2025 for accounting purposes.

The Group shall pay service fees to Baheal Zhihe calculated based on a pre agreed rate and the Group’s actual net sales for each of the Products in the Designated Regions using the following formula upon receipt of the invoice from Baheal Zhihe: The Group’s actual net sales of the relevant Product in the Designated Regions x Pre-agreed rate for the relevant Product. As at December 31, 2025, the Group has sold approximately RMB 7.15 million of medical products to Baheal Zhihe’s designated affiliate and incurred nil service fees, as Baheal had not provided promotion services by the date.

For further details, please refer to the announcement of the Company dated August 27, 2025.

### Confirmations

Since the date of the VIE Announcement and up to the date of this report, the Company is not aware of any non-compliance of the Contractual Arrangements with the relevant PRC laws, rules and regulations (including but not limited to the FIL). The foreign investment restriction in the development and application of genes diagnosis and treatment technologies is now relaxed in designated free-trade zones, including Beijing, Shanghai, Guangdong, and Hainan, according to the Notice on Carrying Out Programs to Expand Opening-Up in the Healthcare Sector 《關於在醫療領域開展擴大開放試點工作的通知》 issued on September 8, 2024. However, since the VIE has no operations within any of these free-trade zones and the new regulations have only recently been implemented with unclear practical execution details, the Group will maintain the current Contractual Arrangements for now. The Company will continue to monitor the developments of the relevant laws, decision, regulations, rules and administration measures in this regard, and will make further announcements in respect thereof in accordance with the Listing Rules as and when necessary.

## REPORT OF DIRECTORS

As of the date of this report, the Group has not commenced the business of gene therapy solutions in the PRC and therefore no transaction was carried out during the year ended December 31, 2025 under the Contractual Arrangements. No service fee was paid or payable by the VIE to WFOE pursuant to the Exclusive Business Cooperation Agreement for the year ended December 31, 2025. The VIE had not generated any revenue and profit under the Contractual Arrangements during the year ended December 31, 2025. The total assets and total liabilities of the VIE subject to the Contractual Arrangements is nil as at 31 December 2025, respectively.

The Company confirms that pricing policies and guidelines for transactions conducted under the Strategic Cooperation and Market Service Agreement have been followed when determining the price and terms of such transactions conducted during the Reporting Period.

Our independent non-executive Directors have reviewed transactions conducted under the Contractual Arrangements and the Strategic Cooperation and Market Service Agreement (the “**Continuing Connected Transactions**”), and confirmed that (i) no transaction has been carried out for the year ended December 31, 2025 which have not been entered into in accordance with the relevant provisions of the Continuing Connected Transactions; (ii) no dividends or other distributions have been made by the VIE to the Relevant Shareholder which are not otherwise subsequently assigned or transferred to our Group; (iii) no new contract has been entered into, renewed or reproduced between our Group and the VIE for the year ended December 31, 2025; and (iv) the Continuing Connected Transactions had been entered into in the ordinary and usual course of business of our Group, and are on normal commercial terms and are fair and reasonable so far as our Group is concerned, and in the interest of our Company and its Shareholders as a whole.

### Confirmation from the Company’s Independent Auditor

HLB Hodgson Impey Cheng Limited, the Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 revised “Auditors’ Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. HLB Hodgson Impey Cheng Limited has issued its unqualified letter containing their findings and conclusions in respect of the Continuing Connected Transactions for the year ended December 31, 2025 in accordance with Rule 14A.56 of the Listing Rules, and nothing has come to its attention that cause it to believe that the disclosed Continuing Connected Transactions: (i) have not been approved by the Company’s Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; and (iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements under the arrangements governing such transactions.

## REPORT OF DIRECTORS

### SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

### INDEMNITY OF DIRECTORS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices, other than by reason of such person's fraud, dishonesty or recklessness. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group since the Listing Date.

### CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the CG Code.

As at December 31, 2025, the Company has complied with all the applicable code provisions in the CG Code, save for the deviation from code provision C.2.1 as disclosed below.

We have not separated the roles of the Chairman of the Board and the Chief Executive Officer. Dr. Xue has served as chairman of the board and general manager of CANbridge Life Sciences Ltd. Since June 2012 and as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018. Dr. Xue is the founder of the Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. Xue is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of Chairman of the Board and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and four independent non-executive Directors.

In order to maintain high standards of corporate governance, the Board will continuously review and monitor the Company's corporate governance code. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this annual report.

### DONATIONS

During the Reporting Period, the Company made a donation of approximately RMB74,000 to various PRC charity projects or organisations.

## REPORT OF DIRECTORS

### AUDITOR

The financial statements for the Reporting Period have been audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, who are proposed for re-appointment at the AGM. Ernst & Young resigned as auditor of the Company with effect from December 6, 2024, and HLB Hodgson Impey Cheng Limited was appointed as the Company's new auditor following the resignation of Ernst & Young.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. For the Reporting Period, the Company is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Company.

### MATERIAL LEGAL PROCEEDINGS

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the year ended December 31, 2025.

### KEY RISKS AND UNCERTAINTIES

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control. Set out below are the material risks and uncertainties that we face:

- The actual market size of our drug candidates might be smaller than expected and our future approved drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.
- Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain relevant regulatory approvals or achieve their commercialization, or if we experience significant delays in any of the foregoing, our business and profitability may be adversely affected.
- We may not be able to identify, discover or in-license new drug candidates, and may allocate our limited resources to pursue a particular candidate or indication and fail to capitalize drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success. Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials and non-head-to-head analyses may not be predictive of future trial results. As such, we may not be able to successfully expand our drug portfolio, which could materially and adversely affect our future growth and prospects.

## REPORT OF DIRECTORS

- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- We have incurred significant net losses and net operating cash outflows since our inception, and expect to continue to incur net losses and net operating cash outflows for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability. Potential investors are at risk of losing substantially all of their investments in our Shares.
- Our rights to develop and commercialize some of our drug candidates are subject to the terms and conditions of licenses granted to us by others.
- Even if we are able to commercialize any approved drug candidates, the drugs may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could materially and adversely affect our business.
- All material aspects of the research, development, manufacturing and commercialization of pharmaceutical products are heavily regulated and the approval process is usually lengthy, costly and inherently unpredictable. Any failure to comply with existing or future regulations and industry standards or any adverse actions by the drug-approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.
- We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

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

## REPORT OF DIRECTORS

### ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held on June 23, 2026 at 9 a.m..

The register of member of the Company will be closed from Wednesday, June 17, 2026, to Tuesday, June 23, 2026 (both days inclusive), in order to determine the eligibility of the holders of shares to attend and vote at the AGM. The holder of shares whose names appear on the share register of members of the Company on Tuesday, June 23, 2026, being the record date of the AGM, will be entitled to attend and vote at the AGM.

In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 -1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Tuesday, June 16, 2026.

On behalf of the Board

**Dr. James Qun Xue**

*Chairman*

Hong Kong, March 30, 2026

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in this annual report (the “**Corporate Governance Report**”) for the year ended December 31, 2025.

## CORPORATE CULTURE

The Company is firmly committed to a high level of corporate governance and adherence to the governance principles and practices. The Board believes that the high standards of corporate governance is the essential core for the Group’s sustainable growth and long-term value creation.

The Company is also committed to fostering a corporate culture grounded in integrity, cooperation and responsible conduct. We emphasize the values of taking responsibility, embracing changes, being upright, keeping promises and being cooperative. Our continual aspirations to achieve and surpass the highest standards of conduct and responsibility are essential components of how we measure our success. By acting with integrity and leading by example, the Directors continue to promote and embed the desired corporate culture throughout the Group.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

The Company’s corporate governance practices are based on the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules.

The Board is of the view that throughout the year ended December 31, 2025, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 of the CG Code which provides that the roles of Chairman of the Board and Chief Executive Officer should be separated and should not be performed by the same individual, details of which are set out under the section headed “Board of Directors – Chairman and Chief Executive Officer” of this Corporate Governance Report.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has devised its own code of conduct for the trading of securities by its directors and members of senior management of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Group) on terms that no less exacting than the required standard set out in the Model Code. Having made specific enquiry by the Company, all directors and members of senior management of the Group have confirmed that they have complied with the required standard set out in the Model Code throughout the period from the Listing Date to December 31, 2025. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

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

# CORPORATE GOVERNANCE REPORT

## Board Composition

As at the date of this report, the Board comprised seven Directors, consisting of one executive Director, two non-executive Directors and four independent non-executive Directors as follows:

### Executive Director

Dr. James Qun Xue (*Chairman and Chief Executive Officer*)

### Non-executive Directors

Ms. Wei Zhao (*appointed on June 30, 2025*)

Mr. Tingwei Wang (*appointed on August 27, 2025*)

Dr. Fangxin Li (*resigned on June 25, 2025*)

### Independent Non-executive Directors

Dr. Richard James Gregory

Mr. James Arthur Geraghty

Mr. Peng Kuan Chan

Dr. Lan Hu

The biographical information of the Directors is set out in the section headed “Biographies of Directors and Senior Management” of this annual report.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board or senior management members.

## Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

We do not have separate Chairman of the Board and Chief Executive Officer. Dr. Xue has served as chairman of the board and general manager of CANbridge Life Sciences since June 2012 and as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018. Dr. Xue is the founder of the Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. Xue is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of Chairman of the Board and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors.

# CORPORATE GOVERNANCE REPORT

## Independent Non-executive Directors

Throughout the year ended December 31, 2025, the Board at all times fulfilled the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years and are eligible for re-election upon expiry of their term of office in accordance with the Articles of Association.

According to the Articles of Association, Directors shall be elected or replaced at general meetings and their term of office shall be three years. Directors are eligible for re-election upon expiry of their term of office. Without violating the relevant laws, regulations and regulatory rules of the locality where the Company's shares are listed, a person newly appointed as director by the Board to fill a casual vacancy or as an addition to the existing Board shall serve until the first shareholders' general meeting of the Company after his/her appointment or until the next annual general meeting of the Company, respectively, at which time the said person is eligible for re-election.

## Responsibilities of the Directors

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

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

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

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

## CORPORATE GOVERNANCE REPORT

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

The Directors shall disclose to the Company details of other offices held by them.

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

The Company has arranged appropriate insurance coverage on Directors' and senior officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

### Continuous Professional Development of Directors

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

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

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

During the Reporting Period, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

## CORPORATE GOVERNANCE REPORT

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Period and up to the date of this report is summarized as follows:

Directors	Type of Training <sup>Note</sup>
<i>Executive Director</i>	
Dr. James Qun Xue	B
<i>Non-Executive Directors</i>	
Ms. Wei Zhao (appointed on June 30, 2025)	B
Mr. Tingwei Wang (appointed on August 27, 2025)	B
Dr. Fangxin Li (resigned on June 25, 2025)	B
<i>Independent Non-Executive Directors</i>	
Dr. Richard James Gregory	B
Mr. James Arthur Geraghty	B
Mr. Peng Kuan Chan	B
Dr. Lan Hu	B

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant guideline materials regarding the duties and responsibilities of being a Director, Company's continuing compliance obligations, and latest regulatory updates.

### Board Diversity Policy

We are committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure.

We have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, nationality, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of biotechnology, clinical research, life science, business management, finance, investment and accounting. They obtained degrees in various areas including pharmaceutical chemistry and biochemistry, chemical and biomolecular engineering, life science, clinical research, business administration and accounting. Our board diversity policy is well implemented as evidenced by the fact that there are Directors with both male and female ranging from 33 years old to 70 years old with different nationalities and experience from different industries and sectors. Our Board believes that based on our existing business model and specific needs, the background of our Directors and the composition of our Board satisfies the principles under the board diversity policy.

## CORPORATE GOVERNANCE REPORT

We are also committed to adopting a similar approach to promote diversity within the management and employees (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

The Board endeavors to achieve gender diversity at Board level with at least one member of female Director. The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the share-holders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

As at December 31 2025, the Company had 41 full-time employees, of which the number of male and female employees are 21 and 20, respectively (accounted for 51% and 49% respectively).

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

### Nomination Policy

The primary duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors.

The Company has adopted Director Nomination Policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors.

## BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system of the Company, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Peng Kuan Chan, Mr. James Arthur Geraghty, and Dr. Richard James Gregory. The chairman of the Audit Committee is Mr. Peng Kuan Chan who possess-es appropriate accounting and related financial management expertise.

The main duties of the Audit Committee include but are not limited to:

- making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing the Company's financial controls and, unless expressly addressed by a separate Board risk committee or by the Board itself, reviewing the Company's risk management and internal control systems;
- monitoring integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;
- reviewing the Group's financial and accounting policies and practices; and
- considering any other topics, as defined by the Board.

The Audit Committee held 4 meetings during the year ended December 31, 2025 to review, among others, audit plan, the draft audited consolidated financial statements, the letter of representation by the management of the Company addressed to the external auditor, the draft annual results announcement, the draft annual report, the draft interim report and interim result announcement, the efficiency of risk management and internal control systems.

The Audit Committee also met the external auditors 2 time(s) without the presence of the executive Director.

The attendance records of the Audit Committee are set out under "Attendance Record of Directors and Committee Members".

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Directors on our policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives.

The Remuneration Committee consists of one non-executive Director, namely Ms. Wei Zhao (appointed on June 30, 2025) and two independent non-executive Directors, namely Dr. Richard James Gregory and Dr. Lan Hu. Dr. Richard James Gregory is the chairperson of the Remuneration Committee. Dr. Fangxin Li ceased to be a member of the Remuneration Committee on June 25, 2025.

The main duties of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approve management's remuneration proposals with reference to the Board's goals and objectives;
- making recommendations to the Board on the remuneration of Non-executive Directors;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- reviewing and approving the compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; and
- reviewing the Group's policy on expense reimbursements for the Directors and Senior Management.

During the year ended December 31, 2025, the Remuneration Committee held 1 meeting to discuss and review among others, the remuneration packages of Directors and senior management, and the matters related to share schemes (including but not limited to the total number of awards and options to be granted, the types of awards and options and the relevant performance criteria).

Details of the remuneration of the senior management by band are set out in note 10 in the Notes to the Financial Statements for the year ended December 31, 2025.

## CORPORATE GOVERNANCE REPORT

The attendance records of the Remuneration Committee are set out under “Attendance Records of Directors and Committee Members”.

### Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee consists of one executive Director, namely Dr. James Qun Xue, one non-executive Director, namely Mr. Tingwei Wang (appointed on August 27, 2025) and three independent non-executive Directors, namely Mr. Peng Kuan Chan, Mr. James Arthur Geraghty and Dr. Lan Hu (appointed on June 30, 2025). Dr. James Qun Xue is the chairperson of the Nomination and Corporate Governance Committee. Dr. Richard James Gregory resigned as a member of the Nomination and Corporate Governance Committee on June 30, 2025.

The main duties of the Nomination and Corporate Governance Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the issuer’s corporate strategy;
- making recommendations to the board on the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive;
- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- assessing the independence of independent non-executive Directors;
- keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

In assessing the Board composition, the Nomination and Corporate Governance Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company’s board diversity policy, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination and Corporate Governance Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination and Corporate Governance Committee would consider the candidate’s character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

## CORPORATE GOVERNANCE REPORT

The Nomination and Corporate Governance Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination and Corporate Governance Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

During the year ended December 31, 2025, the Nomination and Corporate Governance Committee held 1 meeting to review, among others, the structure, size and composition of the Board, the independence of the independent non-executive Directors, the re-election of retiring Directors at the AGM and succession planning for Directors, effectiveness of the board diversity policy (including gender diversity), effectiveness of the mechanism to ensure independent view and input are available to the Board and effectiveness of the corporate governance or compliance affairs and practices of the Company.

The attendance records of the Nomination and Corporate Governance Committee are set out under “Attendance Record of Directors and Committee Members”.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended December 31, 2025, the Board had reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and written employee guidelines, and the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report.

## ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

Pursuant to code provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. During the year ended December 31, 2025, the Board has convened 9 Board meetings and the Company has convened an annual general meeting. The Company has held an extraordinary general meeting during the year ended December 31, 2025.

The chairman held meetings with the independent non-executive Directors without the presence of other Directors during the year ended December 31, 2025 in accordance with code provision C.2.7 of the CG Code.

## CORPORATE GOVERNANCE REPORT

The attendance record of each Director during their tenure of office at the Board and Board Committee meetings and the general meetings of the Company held during the year ended December 31, 2025 is set out in the table below:

Name of Director	Attendance/Number of Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	Annual General Meeting	Other General Meetings
Dr. James Qun Xue	9/9	n/a	n/a	1/1	1/1	0/1
Ms. Wei Zhao (appointed as a non-executive Director and member of the Remuneration Committee on June 30, 2025)	4/4	n/a	1/1	n/a	n/a	1/1
Mr. Tingwei Wang (appointed as a non-executive Director and member of the Nomination and Corporate Governance Committee on August 27, 2025)	2/2	n/a	n/a	n/a	n/a	1/1
Dr. Fangxin Li (ceased to be a non-executive Director and member of the Remuneration Committee on June 25, 2025)	5/5	n/a	n/a	n/a	n/a	n/a
Dr. Richard James Gregory (ceased to be a member of the Nomination and Corporate Governance Committee on June 30, 2025)	9/9	4/4	1/1	1/1	1/1	1/1
Mr. James Arthur Geraghty	9/9	4/4	n/a	1/1	1/1	1/1
Mr. Peng Kuan Chan	9/9	4/4	n/a	1/1	1/1	1/1
Dr. Lan Hu (appointed as a member of the Nomination and Corporate Governance Committee on June 30, 2025)	8/9	n/a	1/1	n/a	1/1	1/1

Note:

According to Article 62 of the Articles of Association, an annual general meeting of the Company shall be held in each financial year.

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

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

## CORPORATE GOVERNANCE REPORT

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

- Our Audit Committee oversees and manages the overall risks (include ESG risk) associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operations and our management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across our Group.
- The relevant departments, including but not limited to the business operations, finance, legal and compliance and general administration departments, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, evaluation, prioritization, and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operations or functions; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

The Company consider that its Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

### Internal Control

The Board is responsible for establishing and maintaining appropriate and effective internal control system to safeguard our Shareholders' investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

The Group has adopted various measures and procedures regarding our business operations, and we provide training about these measures and procedures to employees. We also constantly regularly monitor the implementation of these measures and procedures.

We maintain strict anti-corruption policies on personnel with external communication functions. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include our code of interaction with health care professionals, patients and the public, restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

## CORPORATE GOVERNANCE REPORT

Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our Compliance Officer, will also periodically review our compliance status with all relevant laws and regulations.

The Audit Committee shall (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting, as well as (iii) oversee the financial reporting system and internal control and risk management systems of our Group.

As at the date of this report, the Company has set up an internal audit function which aims at helping the Company to accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of the Group's risk management and internal control systems and to resolve material internal control defects.

During the Reporting Period, we have regularly reviewed and enhanced our risk management and internal control systems. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The Board has reviewed the effectiveness of the risk management and the internal control system of the Group, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting and financial reporting functions and the adequacy of their training programs and budget. The Board, through a review covering all material controls, including financial, operational and compliance controls, considered that the risk management and internal control system of the Group was effective and adequate during the Reporting Period, and the risk management and internal control systems of the Group 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.

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

Moreover, the Company upholds business integrity, openness and honesty as our core values in conducting business. We have zero tolerance for any forms of corruption, bribery, extortion, money-laundering and other fraudulent activities, and require all staff to uphold their personal and professional conduct.

The Company has also established and circulated guidelines and provisions, including "Anti-Corruption Guideline Policy", "Anti-Money Laundering Compliance Provisions", "Anti-Monopoly and Fair Competition Compliance Policy" and "Whistleblowing and Anti-Fraud Policy" to ensure staff awareness and compliance with the requirements at all times. For further details, please see the environmental, social and governance report of the Company for the Reporting Period to be published in due course.

## CORPORATE GOVERNANCE REPORT

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

The following statement, which sets out the responsibilities of the directors regarding financial statements, should be read in conjunction with, but understood separately from, the auditors' statement of their responsibilities as set out in the Independent Auditors' Report contained in this annual report. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

As disclosed in note 2 to the consolidated financial statements, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern, in view of the circumstance that the Group had net profit of RMB14,818,000 and net liabilities of RMB341,755,000 as of December 31, 2025.

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from December 31, 2025. They are of the opinion that, taking into account the plans and measures mentioned in note 2 to the consolidated financial statements, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from December 31, 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Company's external auditor, HLB Hodgson Impey Cheng Limited, has issued an unmodified opinion with a "Material Uncertainty related to Going Concern" section in the "Independent Auditors' Report" (the "**Auditors' Opinion**"). Please refer to the "Independent Auditors' Report" from page 89 of this annual report for details. The Audit Committee had critically reviewed the Auditors' Opinion, the management's position concerning the Auditors' Opinion (the "**Management's Position**") and measures taken by the Group for addressing the Auditors' Opinion. The Audit Committee agreed with the Management's Position having considered the factors, plans and measures set forth in note 2 to the consolidated financial statements.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report.

### AUDITORS' REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed "Independent Auditors' Report" in this annual report.

## CORPORATE GOVERNANCE REPORT

The remuneration paid or payable to the Company's external auditors of the Group in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

<b>Service Category</b>	<b>Fees Paid/Payable RMB'000</b>
Audit Services	1,660
Non-audit Services	300
	1,960

Note:

(1) The remuneration for non-audit services includes the interim report review/other service.

### JOINT COMPANY SECRETARIES

During the year ended December 31, 2025, Ms. Qian Ma ("**Ms. Ma**"), a joint company secretary of the Company, has been responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed. Ms. Ma has been confirmed by the Stock Exchange to be qualified to act as the company secretary of the Company under Rules 3.28 and 8.17 of the Listing Rules on 10 December 2024.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Mr. Wai Chiu Wong ("**Mr. Wong**") as the other joint company secretary of the Company to assist Ms. Ma to discharge her duties as company secretary of the Company. Mr. Wong is the Associate Director of SWCS Corporate Services Group (Hong Kong) Limited and has extensive experience in compliance and listed companies secretarial work. Ms. Ma was designated as the primary contact person at the Company who would work and communicate with Mr. Wong) on the Company's corporate governance and secretarial and administrative matters. Mr. Wong has resigned as a joint company secretary of the Company on March 30, 2026.

The joint company secretaries have complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

### SHAREHOLDERS' RIGHTS

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

#### Convening Shareholders' General Meetings

A shareholders' annual general meeting is required to be held once every year within six months following the end of the previous financial year.

## CORPORATE GOVERNANCE REPORT

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. One or more Shareholders holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

### Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Law of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director.

Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such requisition. The contents of such proposals shall fall within the functions and powers of the general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

For proposal of a person for election as Director, pursuant to Article 114 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director signed by a Shareholder and notice in writing signed by that person of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No.248 Queen's Road East, Wanchai, Hong Kong. The Company shall include the particulars of such proposed person for election as a Director in its announcement or supplementary circular, and shall give the Shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election.

For procedures of nomination of candidates for directorship by Shareholders, please refer to the website of the Company.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may supervise the operations of the Company, and to make suggestions and enquiries accordingly.

# CORPORATE GOVERNANCE REPORT

## Contact Details

### (a) *Enquiries about Shareholdings*

The Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, by calling its hotline at +852 2862 8555 or sending a message at [https://www.computershare.com/hk/en/online\\_feedback](https://www.computershare.com/hk/en/online_feedback), or going in person to its public counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

### (b) *Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company*

The Company will not normally deal with verbal or anonymous enquiries. The Shareholders may send written enquiries or proposals they wish to put forward at general meetings to the Company, for the attention of the Board by mail to the Company's principal place of business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No.248 Queen's Road East, Wanchai, Hong Kong.

The Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website ([www.canbridgepharma.com](http://www.canbridgepharma.com)), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public. If you have any queries or suggestions, please feel free to contact us via email: [info@canbridgepharma.com](mailto:info@canbridgepharma.com).

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

As part of its regular review, the Board has reviewed the Shareholders' communication channels for the year ended December 31, 2025 and is of the view that the communication channels are effective and adequately implemented.

Shareholders should direct their enquiries about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may also write to the Company at its principal place of business in Hong Kong for any enquiries.

The Company sets out the following contact details for Shareholders to communicate with the Company:

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

Attention: Board of Directors/Company Secretary

The Company will not normally deal with verbal or anonymous enquiries.

# CORPORATE GOVERNANCE REPORT

## Policies relating to Shareholders

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

## Dividend Policy

The Company has adopted a policy on payment of dividends taking into consideration of various elements including but not limited to, among other things, the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of the Group and any other conditions which the Board may deem relevant. The policy sets out the factors in consideration, procedures and methods of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal. The distribution of dividends will be formulated by the Board, and will be subject to the Shareholders' approval.

## Constitutional Documents

The Company has not made any changes to its Articles of Association during the year ended 31 December 2025. The Articles of Association is available for review on the respective websites of the Company and the Stock Exchange's website.

# INDEPENDENT AUDITORS' REPORT



31/F Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## TO THE SHAREHOLDERS OF CANBRIDGE PHARMACEUTICALS INC.

(Incorporated in Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of CANbridge Pharmaceuticals Inc.(the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 94 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other 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 consolidated cash flow for the year then ended in accordance with International Financial Reporting Standard (“**IFRS**”) Accounting Standards as issued by 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**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors’ 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, and 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.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that as at 31 December 2025, the Group had net current liabilities and net liabilities of RMB345,173,000 and RMB341,755,000 respectively. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITORS' REPORT

## 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. In addition to the matter described in the “Material uncertainty related to going concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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.

### Key audit matter

### How our audit addressed the key audit matter

#### ***Impairment assessment on intangible assets***

As at 31 December 2025, the Group had intangible assets of RMB54,712,000 which mainly comprised patents and licenses of approximately RMB54,619,000 and software of approximately RMB93,000.

We identified the impairment loss of intangible assets as a key audit matter because significant estimates and judgements by management are involved.

Our procedures in relation to management’s impairment assessment on the intangible assets included but not limited to:

- Understood and evaluated of the Group’s policies and procedures to identify impairment indicators;
- Assessed the methodologies used and the appropriateness and the reasonableness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts;
- Checked, on a sampling basis, the accuracy and relevance of the input data used; and
- Performed sensitivity analysis to evaluate the potential impacts on the recoverable amount.

## INDEPENDENT AUDITORS' REPORT

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the **"Other Information"**).

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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

### AUDITORS' 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 auditors' report that includes our opinion, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITORS' REPORT

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

From the matters communicated with those charged with governance, 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 auditors' 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 director on the audit resulting in this independent auditors' report is Kwok Tsz Chun. (practising certificate number: P06901)

#### **HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

Hong Kong, 30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	49,983	85,103
Cost of sales		(12,658)	(30,800)
<b>Gross profit</b>		<b>37,325</b>	54,303
Other income and gains/(losses), net	7	109,705	(5,533)
Selling and distribution expenses		(47,403)	(74,895)
Administrative expenses		(36,799)	(68,160)
Research and development expenses		(45,051)	(251,763)
Finance costs	9	(2,230)	(8,584)
Written-off of right-of-use assets	15	(729)	(87,987)
<b>Profit/(loss) before tax</b>	8	<b>14,818</b>	(442,619)
Taxation	11	–	–
<b>Profit/(loss) for the year</b>		<b>14,818</b>	(442,619)
<b>Other comprehensive income/(expenses)</b>			
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations, net		2,546	(65,712)
<i>Other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of the Company		(1,348)	65,903
<b>Other comprehensive income for the year, net of tax</b>		<b>1,198</b>	191
<b>Total comprehensive income/(expense) for the year attributable to owners of the Company</b>		<b>16,016</b>	(442,428)
<b>Earnings/(loss) per share attributable to owners of the Company</b>			
– Basic (RMB per share)	13	0.03	(1.04)
– Diluted (RMB per share)	13	0.03	(1.04)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>ASSET</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	136	952
Right-of-use assets	15	375	2,687
Intangible assets	16	54,712	67,822
Total non-current assets		55,223	71,461
<b>Current assets</b>			
Inventories	17	20,569	7,903
Trade receivables	18	15,119	16,723
Prepayments and other receivables	19	7,855	10,224
Cash and bank balances	20	66,625	10,502
Total current assets		110,168	45,352
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	21	368,834	370,458
Other payables and accruals	22	75,842	85,066
Contract liabilities	23	2,727	–
Interest-bearing bank and other borrowings	24	7,025	15,327
Lease liabilities	15	913	11,759
Total current liabilities		455,341	482,610
<b>Net current liabilities</b>		<b>(345,173)</b>	<b>(437,258)</b>
<b>Total assets less current liabilities</b>		<b>(289,950)</b>	<b>(365,797)</b>
<b>Non-current liabilities</b>			
Contract liabilities	23	43,661	–
Interest-bearing bank and other borrowings	24	8,000	15,042
Lease liabilities	15	144	93,649
Total non-current liabilities		51,805	108,691
<b>Net liabilities</b>		<b>(341,755)</b>	<b>(474,488)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>EQUITY</b>			
Share capital	26	34	28
Reserves		(341,789)	(474,516)
Total deficit		(341,755)	(474,488)

Approved and authorised for issue by the board of directors on March 30, 2026 and signed on its behalf by:

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**Dr. James Qun Xue**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31, 2025

## Attributable to the equity holders of the Company

Note	Share Capital RMB'000 (Note 26)	Treasury share RMB'000	Share premium RMB'000 (Note 29)	Contributed	Share-based	Exchange reserve RMB'000 (Note 29)	Accumulated losses RMB'000	Total deficit RMB'000
				surplus reserve RMB'000 (Note 29)	payments reserve RMB'000 (Note 27)			
As at January 1, 2024	28	- ^	3,463,496	9,581	103,717	172,832	(3,789,442)	(39,788)
Loss for the year	-	-	-	-	-	-	(442,619)	(442,619)
Exchange realignment	-	-	-	-	-	191	-	191
Total comprehensive income/ (loss) for the year	-	-	-	-	-	191	(442,619)	(442,428)
Issue of shares from exercise of share options	- ^	- ^	704	-	(665)	-	-	39
Share options forfeited/ cancelled	-	-	-	-	(21,977)	-	21,977	-
Share-based payments	-	-	-	-	7,689	-	-	7,689
As at December 31, 2024 and January 1, 2025	<b>28</b>	<b>- ^</b>	<b>3,464,200</b>	<b>9,581</b>	<b>88,764</b>	<b>173,023</b>	<b>(4,210,084)</b>	<b>(474,488)</b>
Profit for the year	-	-	-	-	-	-	<b>14,818</b>	<b>14,818</b>
Exchange realignment	-	-	-	-	-	<b>1,198</b>	-	<b>1,198</b>
Total comprehensive income for the year	-	-	-	-	-	<b>1,198</b>	<b>14,818</b>	<b>16,016</b>
Issue of shares	<b>6</b>	-	<b>110,998</b>	-	-	-	-	<b>111,004</b>
Issue of shares from exercise of share options	- ^	- ^	<b>3,004</b>	-	<b>(2,359)</b>	-	-	<b>645</b>
Share options forfeited/ cancelled	-	-	-	-	<b>(6,687)</b>	-	<b>6,687</b>	-
Share-based payments	-	-	-	-	<b>5,068</b>	-	-	<b>5,068</b>
As at December 31, 2025	<b>34</b>	<b>- ^</b>	<b>3,578,202</b>	<b>9,581</b>	<b>84,786</b>	<b>174,221</b>	<b>(4,188,579)</b>	<b>(341,755)</b>

^ Less than RMB1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) before tax</b>		<b>14,818</b>	(442,619)
Adjustments for:			
Finance costs	9	2,230	8,584
Foreign exchange differences, net	7	(8,233)	7,041
Interest income	7	(372)	(508)
(Gain)/loss on disposal of property, plant and equipment	7	(1,093)	4,067
Gain on lease termination	7	(101,037)	(26)
Depreciation of property, plant and equipment	8	684	3,026
Amortisation of intangible assets	8	10,293	10,782
Depreciation of right-of-use assets	8	1,171	13,445
Impairment of property, plant and equipment	7	–	1,420
Written-off of right-of-use assets	15	729	87,987
Write down of inventories	7	770	–
Loss on disposal of intangible assets	7	–	224
Gain on disposal of non-current asset classified as held for sale	7	–	(6,495)
Share-based payment expenses		5,068	7,689
		<b>(74,972)</b>	(305,383)
Decrease in inventories		1,604	880
(Increase)/decrease in trade receivables		(13,354)	14,640
Decrease in prepayments, other receivables		2,369	698
Increase in trade payables		2,732	165,090
Increase in contract liabilities		46,388	–
(Decrease)/increase in other payables and accruals		(3,351)	1,172
Cash used in operations		<b>(38,584)</b>	(122,903)
Interest received		372	508
Net cash flows used in operating activities		<b>(38,212)</b>	(122,395)
<b>Cash flows from investing activities</b>			
Proceeds on disposal of non-current assets classified as held for sale		–	14,005
Purchase of property, plant and equipment		(6)	(105)
Proceeds on disposal of property, plant and equipment		1,231	27
Net cash generated from investing activities		<b>1,225</b>	13,927

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

Notes	2025 RMB'000	2024 RMB'000
<b>Cash flows from financing activities</b>		
Proceeds from exercise of share options	645	39
Proceeds from bank and other borrowings	20,025	27,932
Repayment of bank and other borrowings	(35,369)	(27,995)
Interest paid on bank loans	(975)	(1,454)
Payment of lease liabilities	(2,863)	(17,088)
Issuance of shares	111,004	–
Net cash generated from/(used in) financing activities	92,467	(18,566)
<b>Net increase/(decrease) in cash and cash balances</b>	<b>55,480</b>	<b>(127,034)</b>
<b>Cash and cash balances at 1 January</b>	<b>10,502</b>	<b>137,491</b>
Effect of foreign exchange rate changes, net	643	45
<b>Cash and cash balances at 31 December</b>	<b>66,625</b>	<b>10,502</b>
<b>Analysis of balances of cash and cash balances</b>		
Cash and bank balances as stated in the statement of financial position	66,625	10,502
Restricted bank deposit	–	(469)
Cash and cash equivalents as stated in the consolidated statement of cash flows	66,625	10,033

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 30, 2018. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information Section” to the annual report.

The Company is an investment holding company. The Group was principally engaged in the research and development and commercialisation of medical products. The activities of its principal subsidiaries are set out in Note 38 to the consolidated financial statements.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) effective from December 10, 2021.

The financial statements are presented in Renminbi (“**RMB**”), which is the currency of the primary economic environment in which the major entities of the Group operate. The functional currency of the Company is US dollar.

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Basis of preparation of consolidated financial statements (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Going concern assessment

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the next twelve months after December 31, 2025 notwithstanding that as at December 31, 2025, the Group had net current liabilities and net liabilities of approximately RMB345,173,000 and RMB341,755,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been and will continue to be taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but not limited to, the following:

- (1) On February 16, 2026, the Company entered into the subscription agreement with WuXi Biologics HealthCare Venture (the "**Subscriber**"), pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, 84,033,613 shares in the Company at the subscription price of HK\$2.38 per subscription share. The gross proceeds of the subscription amounted to approximately HK\$200,000,000 and the net proceeds received by the Company under the subscription was approximately HK\$199,000,000 after deducting the relevant expenses incurred in relation to the subscription. The conditions set out in the subscription agreement had been fulfilled and the subscription have been completed at March 10, 2026. For further details, please refer to the Company's announcement dated February 16, 2026 and March 10, 2026;
- (2) The Group continues to monitor expenditure and take action to tighten cost controls over various operating expenses;
- (3) The Group has been and will continue to actively negotiate with banks for renewal and extension of existing bank borrowings that will become due during the next twelve months after December 31, 2025. Discussions regarding the renewal and extension of existing bank borrowings as well as new bank borrowings are on-going but no binding agreements have been entered into;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Going concern assessment (Continued)

- (4) The Group will also continue to actively negotiate with the suppliers to extend the repayment dates of the overdue payables based on amicable relationships with the suppliers;
- (5) The Group has been and will continue to actively negotiate with certain third parties to license out its pipeline assets to streamline its operations further and improve liquidity position. As at the date of this report, discussions are on-going but no binding agreements have been entered into; and
- (6) The Group will further improve the profitability with two commercialised products, namely Hunterase® and Livmarli® to generate cash inflow for the Group and since Gaurunning® been granted marketing approval by the National Medical Products Administration (the “NMPA”) of the People’s Republic of China (the “PRC”) for treatment of type I and III Gaucher disease on May 15, 2025, the Company will accelerate the commercialization of Gaurunning® and enhance the profitability.

Assuming that the above-mentioned plans and measures will succeed and having reviewed the Group’s cash flow projections prepared by management, which cover a period of twelve months from December 31, 2025, the Board are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from December 31, 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above and continue to operate as a going concern. Whether the Group will be able to continue as a going concern would depend upon the following:

- (1) The successful and timely implementation of the plans to control costs and reduce expenditures;
- (2) The successful obtaining of continuous support from the banks for provision of new bank loans and renewal and extension of existing bank borrowings;
- (3) The successful negotiation with the suppliers to extend the repayment dates of overdue payables;
- (4) The successful signing of binding agreement with third parties to license out certain of its products or pipelines; and
- (5) The successful increase of profitability of commercialised products;

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

### New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards as issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21 *Lack of Exchangeability*

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (CONTINUED)

### IFRS 18 Presentation and Disclosure in Financial Statements

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

### Material accounting policy information

#### *Basis of consolidation*

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Subsidiaries (Continued)*

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

#### *Business combinations or asset acquisitions*

##### *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

##### *Asset acquisitions*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Business combinations or asset acquisitions (Continued)*

*Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 or IFRIC-Int 21, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Business combinations or asset acquisitions (Continued)*

#### *Business combinations (Continued)*

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Business combinations or asset acquisitions (Continued)*

*Business combinations (Continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

*Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

*Revenue from contracts with customers*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

*Material accounting policy information (Continued)*

*Separate financial statements (Continued)*

*Revenue from contracts with customers (Continued)*

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

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. For the sale of medical products to the customers, the revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

For the Strategic cooperation income, the revenue would be recognised on a straight-line basis over the contract term.

### *Leases*

#### *Definition of 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.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Leases (Continued)*

*The Group as a lessee*

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

*Short-term leases*

The Group applies the short-term lease recognition exemption to leases of a leased property that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

*Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Leases (Continued)*

#### *Right-of-use assets (Continued)*

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office and laboratory	2 to 12 years
Equipment	3 years

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

#### *Refundable rental deposits*

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

#### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The 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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Leases (Continued)*

*Lease liabilities (Continued)*

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

*Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to noncontrolling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in USD to the Group's presentation currency RMB are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Government grants*

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

#### *Borrowing costs*

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

#### *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Taxation (Continued)*

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Property, plant and equipment*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Instrument and electronic equipment	10% to 32%
Furniture and fixtures	19%
Motor vehicles	24%
Leasehold improvements	Over the shorter of the lease terms and 20%

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

#### *Intangible assets*

##### *Intangible assets acquired separately*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Intangible assets (Continued)*

##### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

The amortisation is calculated on the straight-line basis over their estimated useful life. The estimating the useful lives are as follows:

Patents and licenses	9 to 10 years
Software	3 to 10 years

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

#### *Cash and cash equivalents*

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

- a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, form an integral part of the Group's cash management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Employee benefits*

##### *Pension scheme*

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### *Share-based payment*

The Company operates a share option scheme. Employees (including directors) of the Group and consultants receive remuneration in the form of share-based payments, whereby employees and consultants render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the share option is determined by an external valuer using a binomial model, further details of which are given in Note 27 to the consolidated financial statements. The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Share-based payment (Continued)*

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

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

#### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Financial instruments (Continued)*

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

Interest income which are derived from those other than the Group's ordinary course of business are presented as "other income and gains/(losses), net".

#### *Classification and subsequent measurement of financial assets*

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Financial instruments (Continued)*

#### *Classification and subsequent measurement of financial assets (Continued)*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

#### *Amortised cost and interest income*

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

#### *Impairment of financial assets*

The Group performs impairment assessment under expected credit losses (“**ECL**”) model on financial assets (including trade receivables, deposits and other receivables, fixed deposits with original maturity over three months and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Impairment of financial assets (Continued)*

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

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

### (i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Impairment of financial assets (Continued)*

(i) *Significant increase in credit risk (Continued)*

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

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

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

(iii) *Credit-impaired financial assets*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Impairment of financial assets (Continued)*

(iv) *Write-off policy*

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

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, and forward-looking information that is available without undue cost or effort.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Material accounting policy information (Continued)

#### *Financial instruments (Continued)*

#### *Impairment of financial assets (Continued)*

#### *(v) Measurement and recognition of ECL (Continued)*

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

#### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

#### *Financial liabilities and equity instruments*

#### *Classification as debt or equity*

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

#### *Equity instruments*

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

#### *Financial liabilities*

Financial liabilities (including trade payables, accruals and other payables and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

*Material accounting policy information (Continued)*

*Financial instruments (Continued)*

*Financial liabilities and equity instruments (Continued)*

*Derecognition of financial liabilities*

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

*Related parties transactions*

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

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) 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. If the reporting entity is itself such a plan, the sponsoring employers are also related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

*Material accounting policy information (Continued)*

*Related parties transactions (Continued)*

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### (a) Impairment of intangible assets

Intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at December 31, 2025, the carrying amount of intangible assets amounted to RMB54,712,000 (2024: RMB67,822,000). Details of the intangible assets are disclosed in Note 16.

#### (b) Accrual of research and development costs

The Group engages contract research organizations (“**CROs**”) and contract manufacturing organizations (“**CMOs**”) (collectively referred as “**Outsourced Service Providers**”) to conduct, supervise, and monitor the Group’s ongoing clinical trials, or to develop manufacturing processes to support the Group’s own manufacturing capacities. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestone achieved when the Group has not yet been invoiced or otherwise notified of the actual costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 6. OPERATING SEGMENT INFORMATION AND REVENUE

For management purpose, the Group has only one reportable operating segment, which is the development, production, marketing and sale of medical products.

### Geographical information

#### Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese Mainland	49,924	40,972
Other regions	59	44,131
Total revenue	49,983	85,103

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

#### Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese Mainland	602	3,256
Other countries/regions	54,621	68,205
Total non-current assets	55,223	71,461

The non-current asset information above is based on the locations of the assets.

### Information about major customers

Revenue from customers which contributed over 10% of the Group's revenue for the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	28,886	27,775
Customer B	13,102	13,157
Customer C	N/A*	43,211
Customer D	7,154	–

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 6. OPERATING SEGMENT INFORMATION AND REVENUE (CONTINUED)

#### Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
<b>Type of goods</b>		
Sales of medical products	49,201	85,103
Strategic cooperation income	782	–
	<b>49,983</b>	85,103
<b>Timing of revenue recognition</b>		
A point in time	49,201	85,103
Over-time	782	–
	<b>49,983</b>	85,103

### 7. OTHER INCOME AND GAINS/(LOSSES), NET

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Bank interest income	372	508
Government grants (note)	363	705
Total other income	735	1,213
<b>Other gains/(losses), net</b>		
Gain on lease termination, net	101,037	26
Bad debt recovery	–	118
Gain on disposal of non-current assets classified as held for sale	–	6,495
Foreign exchange differences, net	8,233	(7,041)
Impairment of property, plant and equipment	–	(1,420)
Loss on disposal of intangible assets	–	(224)
Write down of inventory	(770)	–
Gain/(loss) on disposal of property, plant and equipment	1,093	(4,067)
Other	(623)	(633)
Total other gains/(losses)	108,970	(6,746)
Total other income and gains/(losses)	109,705	(5,533)

note: Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities and other operation activities. There are no unfulfilled conditions related to these government grants.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Notes	2025 RMB'000	2024 RMB'000
Employee benefit expenses (excluding directors' and chief executive's remuneration):			
Wages, salaries, bonus and welfare		33,689	75,791
Pension scheme contributions		5,539	4,142
Staff welfare expenses		1,459	3,098
Share-based payment expenses		4,112	6,014
		44,799	89,045
Auditors' remuneration:			
Services rendered by HLB			
– Audit service		1,660	1,660
– Non-audit service		300	–
Service rendered by Ernst & Young			
– Non-audit service		–	350
Cost of inventories sold		12,658	30,800
Research and development costs (excluded related employee benefit expenses, depreciation and amortisation)		32,625	215,603
Depreciation of property, plant and equipment	14	684	3,026
Depreciation of right-of-use assets	15	1,171	13,445
Amortisation of intangible assets	16	10,293	10,782
Short-term lease payment	15	37	345

### 9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	975	1,454
Interest on lease liabilities	1,255	7,130
	2,230	8,584

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2025 RMB'000	2024 RMB'000
Fee	1,292	1,292
Other emoluments:		
Salaries, allowances and benefits in kind	3,146	5,233
Pension scheme contributions	228	200
Bonus	–	–
Share-based payment expenses	956	1,675
<b>Total</b>	<b>5,622</b>	<b>8,400</b>

During the year ended December 31, 2024, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 27 to the consolidated financial statements. The fair value of such options, which has 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 consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures. During the year ended December 31, 2025, no share options were granted.

#### (a) Directors' emoluments

The remuneration of each Director for the year ended December 31, 2025 is set out below:

Name of Director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Employer's contribution to pension scheme RMB'000	Bonus RMB'000	Share options RMB'000	Total RMB'000
<b>Executive Directors</b>						
Dr. James Qun Xue (Chairman)	–	3,146	228	–	956	4,330
<b>Non-executive Directors</b>						
Ms. Wei Zhao (note a)	–	–	–	–	–	–
Mr. Tingwei Wang (note b)	–	–	–	–	–	–
Dr. Fangxin Li (note c)	–	–	–	–	–	–
<b>Independent Non-executive Directors</b>						
Dr. Richard James Gregory	323	–	–	–	–	323
Mr. Peng Kuan Chan	323	–	–	–	–	323
Mr. James Arthur Geraghty	323	–	–	–	–	323
Dr. Lan Hu	323	–	–	–	–	323
	1,292	3,146	228	–	956	5,622

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### (a) Directors' emoluments (Continued)

The remuneration of each Director for the year ended December 31, 2024 is set out below:

Name of Director	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Employer's contribution to pension scheme RMB'000	Bonus RMB'000	Share options RMB'000	Total RMB'000
<b>Executive Directors</b>						
Dr. James Qun Xue (Chairman)	-	5,233	200	-	1,675	7,108
<b>Non-executive Directors</b>						
Dr. Fangxin Li (note c)	-	-	-	-	-	-
Dr. Kan Chen (note d)	-	-	-	-	-	-
Mr. Edward Hu (note d)	-	-	-	-	-	-
<b>Independent Non-executive Directors</b>						
Dr. Richard James Gregory	323	-	-	-	-	323
Mr. Peng Kuan Chan	323	-	-	-	-	323
Mr. James Arthur Geraghty	323	-	-	-	-	323
Dr. Lan Hu	323	-	-	-	-	323
	1,292	5,233	200	-	1,675	8,400

- Ms. Wei Zhao was appointed as a non-executive Director on June 30, 2025.
- Mr. Tingwei Wang was appointed as a non-executive Director on August 27, 2025.
- Dr. Fangxin Li was appointed as a non-executive Director on September 30, 2024 and resigned on June 25, 2025.
- Dr. Kan Chen and Mr. Edward Hu resigned as non-executive directors of the Company on September 2, 2024 and September 30, 2024.

During the years ended December 31, 2025 and 2024, no Directors waived or agreed to waive any emoluments and no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### (b) 5 highest paid individuals

The five highest paid employees during the year included one director (2024: one director), details of whose remuneration are set out in Note 10(a) above. Details of the remuneration of the remaining four highest paid employees (2024: four) who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	7,148	9,342
Pension scheme contributions	250	243
Bonus	–	–
Share-based payment expenses	539	1,355
<b>Total</b>	<b>7,937</b>	<b>10,940</b>

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

	Number of individuals	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	2	–
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	3
HK\$3,500,000 to HK\$4,000,000	–	1
	<b>4</b>	<b>4</b>

During the year ended December 31, 2024, share options were granted to 2 non-directors and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 27 to the consolidated financial statements. The fair value of such options, which has 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 consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures. During the year ended December 31, 2025, no share options were granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 11. TAXATION

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.

No provision of profit tax has been made in the consolidated financial statements as no assessable profit was derived from the jurisdictions in which member of the Group and dominated and operated for both years.

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

### Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

### Taiwan

The subsidiary incorporated in Taiwan is subject to income tax at a rate of 20% (2024: 20%) on the estimated assessable profits arising in Taiwan during the year.

### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% (2024: 25%) on the taxable income.

### United States of America

The subsidiary incorporated in Delaware, the United States was subject to statutory United States federal corporate income tax at a rate of 21% (2024: 21%) during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 11. TAXATION (CONTINUED)

The reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before tax	14,818	(442,619)
Tax at the statutory tax rate of 25% (2024: 25%)	3,704	(110,655)
Effect of tax rate differences in other jurisdictions	4,183	22,623
Tax effect of expenses not deductible for tax purpose	38	22,392
Tax effect of income not taxable for tax purpose	(21,218)	–
Additional deductible allowance for qualified research and development costs	(7,473)	(7,560)
Utilisation of tax losses previously not recognised	(96)	(1,674)
Tax losses and deductible temporary differences not recognized	20,862	74,874
Tax charge at the Group's effective rate	–	–

### 12. DIVIDENDS

No dividends have been declared and paid by the Company for the year ended December 31, 2025 (2024: Nil).

### 13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDER OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to the owners of the Company and the weighted average number of ordinary shares of 453,572,154 (2024: 424,829,522) in issue during the year.

For those Company's share options with an exercise price higher than the average market price of the shares, their exercise is not assumed in calculating diluted earnings/(loss) per share, as such options are anti-dilutive.

The share options granted by the Company have potential dilutive effect on the earnings per share of the Company for the year ended December 31, 2025. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of the potential dilutive ordinary shares arising from share options granted by the Company.

No adjustment has been made to the basic loss per share amounts presented for the year ended December 31, 2024 as the impact of the share options and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDER OF THE COMPANY (CONTINUED)

The calculations of basic and diluted earnings/(loss) per share are based on the following data:

	2025 RMB'000	2024 RMB'000
<b>Profit/(loss)</b>		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	14,818	(442,619)
	<b>Number of shares</b>	
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	453,572,154	424,829,522
Effect of potential dilutive ordinary shares:		
Adjustments for grant of share options	3,540,486	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	457,112,640	424,829,522
<b>Earnings/(loss) per share</b>		
Basic earnings/(loss) per share (RMB)	0.03	(1.04)
Diluted earnings/(loss) per share (RMB)	0.03	(1.04)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 14. PROPERTY, PLANT AND EQUIPMENT

	Instrument and electronic equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>Cost:</b>					
As at January 1, 2024	12,491	3,622	469	3,938	20,520
Addition	29	–	–	76	105
Written-off/disposal	(4,630)	(1,679)	–	(2,090)	(8,399)
Exchange realignment	335	45	–	19	399
As at December 31, 2024 and January 1, 2025	<b>8,225</b>	<b>1,988</b>	<b>469</b>	<b>1,943</b>	<b>12,625</b>
Addition	–	6	–	–	6
Written-off/disposal	(947)	(277)	–	–	(1,224)
Exchange realignment	–	–	–	–	–
As at December 31, 2025	<b>7,278</b>	<b>1,717</b>	<b>469</b>	<b>1,943</b>	<b>11,407</b>
<b>Accumulated depreciation and impairment:</b>					
As at January 1, 2024	7,028	2,070	446	1,796	11,340
Depreciation charge for the year	2,680	320	–	26	3,026
Written-off/disposal	(3,161)	(616)	–	(528)	(4,305)
Impairment loss for the year	1,376	44	–	–	1,420
Exchange realignment	179	9	–	4	192
As at December 31, 2024 and January 1, 2025	<b>8,102</b>	<b>1,827</b>	<b>446</b>	<b>1,298</b>	<b>11,673</b>
Depreciation charge for the year	18	63	23	580	684
Written-off/disposal	(874)	(187)	–	(25)	(1,086)
Exchange realignment	–	–	–	–	–
As at December 31, 2025	<b>7,246</b>	<b>1,703</b>	<b>469</b>	<b>1,853</b>	<b>11,271</b>
<b>Carrying amount:</b>					
<b>As at 31 December 2025</b>	<b>32</b>	<b>14</b>	<b>–</b>	<b>90</b>	<b>136</b>
As at 31 December 2024	123	161	23	645	952

For the year ended December 31, 2024, the recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 16.73%. During the year, the management of the Company engaged in internal discussions regarding the downsizing of the Group's operations in the U.S., which involved reducing personnel and implementing measures to enhance the cost-efficiency of the laboratory's utilization, resulting in the majority of the laboratory offices remaining unused and leading to a decline in the economic benefits derived from these assets. The carrying amount of the CGU exceeds its recoverable amount and an impairment loss of property, plant and equipment of RMB1,420,000 was provided during the year. The impairment loss has been included in profit or loss in the "other expenses" line item.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 15. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of office and equipment used in its operations. Lease of the office and equipment generally have lease terms between 2 and 3 years.

#### (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:

	Equipment RMB'000	Lease properties RMB'000	Total RMB'000
At January 1, 2024	4,409	95,418	99,827
Addition	–	3,040	3,040
Depreciation charges	(2,363)	(11,082)	(13,445)
Disposals (note b)	–	(192)	(192)
Written off (note a)	(2,112)	(85,875)	(87,987)
Exchange realignment	66	1,378	1,444
<b>At December 31, 2024 and January 1, 2025</b>	<b>–</b>	<b>2,687</b>	<b>2,687</b>
Addition	–	250	250
Depreciation charges	–	(1,171)	(1,171)
Disposals (note b)	–	(664)	(664)
Written off (note a)	–	(729)	(729)
Exchange realignment	–	2	2
At December 31, 2025	–	375	375

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 15. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (a) *Right of use assets (Continued)*

note:

- (a) During the year ended December 31, 2024, certain lease properties were defaulted and moved out as the result of default on lease payment of total amount of RMB2,220,000. The right-of-use assets included the lease properties of RMB83,507,000 and RMB2,368,000 which located in US and Mainland China respectively were fully written-off and recognised in profit and loss during the year ended December 31, 2024. Furthermore, due to the Company's downsizing efforts in the United States, resulted in the majority of the laboratory offices associated with the lease equipment remaining unused, leading to a significant decline in the economic benefits derived from these assets. Consequently, the management fully wrote-off the right-of-use assets related to equipment located in the United States, amounting to RMB2,112,000, and recognized this write-off in profit and loss during the year ended December 31, 2024.

As disclosed in the announcement of the Company dated October 25, 2024, the Company had been in active discussions with the landlord for the Group's office and laboratory in Boston, U.S. (the "**US Leased Property**") in Y.E.2024 due to its downsizing efforts in the U.S.. The Group began to default on its lease payments in August 2024. Eventually, the Group vacated the US Leased Property in the second half of 2024. Despite vacating the US Leased Property in the second half of 2024, the lease contract remained legally binding until the termination took effect on February 28, 2025 ("**Termination Date**") pursuant to the termination agreement entered into between the landlord and the Group on February 24, 2025, which is after the reporting date of December 31, 2024. Consequently, as at December 31, 2024, the lease liabilities and rental-related payables related to US Leased Property of amount RMB99,703,000 and RMB1,088,000 respectively were neither derecognized nor reassessed because the lease obligations had not been legally extinguished or modified by that date. The Group continued to be contractually liable for lease payments until the formal Termination Date, and thus the lease liabilities were recognized at their carrying amount in the financial statements as at December 31, 2024. As at the Termination Date, the carrying amount of lease liabilities and rental-related payables of U.S Leased Property were approximately RMB97,810,000 and RMB3,302,000 respectively. Due to the lease obligation had been legally extinguished, a gain on lease termination of approximately RMB101,112,000 was recognised in profit or loss during the year ended December 31, 2025.

Beside the U.S. Leased Property, the Group's certain lease properties were defaulted and moved out. Up to date of annual report, the Group have not yet received the formal termination agreement with landlord. As at December 31, 2025, the lease liabilities and the rental-related payable related to those defaulted lease properties were amount of RMB691,000 and RMB2,709,000 respectively. As at December 31, 2025, the right-of-use assets of those lease properties of RMB729,000. The balance were fully written-off and recognised in profit and loss during the year ended December 31, 2025.

- (b) During the year ended December 31, 2025, the Company's wholly-owned subsidiaries entered into several lease termination agreements with the respective landlords to early terminate lease properties located in the PRC. As of the termination dates, the carrying amounts of the related right-of-use assets and lease liabilities were approximately RMB664,000 and RMB588,000 (2024: the related right-of-use assets and lease liabilities were approximately RMB192,000 and RMB218,000, respectively). A loss on lease termination of approximately RMB75,000 (2024: gain on lease termination of approximately RMB26,000) was recognized in profit or loss during the year ended December 31, 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 15. LEASES (CONTINUED)

The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	913	11,759
More than one year but not exceeding two years	144	17,857
More than two years but not exceeding five years	–	21,048
More than five years	–	54,744
	<b>1,057</b>	105,408
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(913)</b>	(11,759)
Amount due for settlement after 12 months shown under non-current liabilities	<b>144</b>	93,649

The weighted average incremental borrowing rate applied to lease liabilities is 4.64% (2024: 6.60%).

#### (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	1,238	7,113
Default interest related to leases	17	17
Depreciation charge of right-of-use assets (Note 8)	1,171	13,445
Short-term lease payment (Note 8)	37	345
Gain on lease termination	101,037	(26)
Total amount recognized in profit or loss	<b>103,500</b>	20,894
Total cash outflow for lease*	<b>2,900</b>	17,433

\* The amount included payment of principal and interest portion of lease liabilities of amount RMB2,773,000 and RMB90,000 (2024: RMB9,975,000 and RMB7,113,000) respectively and short-term lease payment of RMB37,000 (2024: RMB345,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 16. INTANGIBLE ASSETS

	Patents and licenses RMB'000	Software RMB'000	Total RMB'000
<b>At December 31, 2025</b>			
Cost at January 1, 2025, net of accumulated amortisation	67,683	139	67,822
Amortisation provided during the year	(10,247)	(46)	(10,293)
Exchange realignment	(2,817)	–	(2,817)
At December 31, 2025	54,619	93	54,712
At December 31, 2025			
Cost	99,798	477	100,275
Accumulated amortisation	(45,179)	(384)	(45,563)
Net carrying amount	54,619	93	54,712
	Patents and licenses RMB'000	Software RMB'000	Total RMB'000
At December 31, 2024			
Cost at January 1, 2024, net of accumulated amortisation	76,041	450	76,491
Disposal	–	(224)	(224)
Amortisation provided during the year	(10,691)	(91)	(10,782)
Exchange realignment	2,333	4	2,337
At December 31, 2024	67,683	139	67,822
At December 31, 2024			
Cost	99,798	477	100,275
Accumulated amortisation	(32,115)	(338)	(32,453)
Net carrying amount	67,683	139	67,822

### 17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Finished Goods	5,079	7,903
Work-in-progress	15,490	–
	20,569	7,903

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	15,119	16,723
Impairment	–	–
Net carrying amount	15,119	16,723

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. 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 certain major customers, there is a 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.

The ageing analysis of trade receivables, based on invoice dates, as at December 31, 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	15,119	16,723

### 19. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	390	358
Value-added tax recoverable	6,851	8,378
Other receivables and deposits	614	1,488
Total	7,855	10,224

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 20. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and bank balance	66,625	10,502
Less:		
Restricted bank deposit (note a)	–	(469)
Cash and cash equivalents	66,625	10,033
Denominated in:		
RMB	3,512	4,823
USD	58,929	1,068
HKD	4,001	88
TWD	183	4,523
Cash and bank balances	66,625	10,502

Notes:

(a) As at December 31, 2024, restricted bank deposits of RMB469,000 was frozen due to a labor dispute as disclosed in Note 36.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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.

### 21. TRADE PAYABLES

The follows are an aged analysis of trade payables, presented based on the invoice dates, at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 6 months	90,318	108,294
Over 6 months	278,516	262,164
	368,834	370,458

The trade payables are non-interest-bearing and are normally settled in less than six months or based on the specific agreement with certain suppliers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 22. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Taxes other than income tax	1,040	662
Payroll payables	13,775	11,298
Other payables	15,080	16,370
Accruals*	45,947	56,736
<b>Total</b>	<b>75,842</b>	<b>85,066</b>

\* As at December 31, 2025, the accruals primarily consist of milestone payment of licenses and selling expenses of amount RMB45,475,000 (2024: RMB47,450,000).

Other payables and accruals are non-interest-bearing and repayable on demand.

### 23. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Strategic cooperation fee	46,388	–
Current	2,727	–
Non-current	43,661	–
	<b>46,388</b>	<b>–</b>

Contract liabilities are classified as current and non-current based on strategic cooperation contract terms.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

On August 11, 2025, two subsidiaries of the Group (the “**Relevant Subsidiaries**”) has formalized a strategic relationship with a subsidiary of Qingdao Baheal Medical INC. (青島百洋醫藥股份有限公司) which is listed on the Shenzhen Stock Exchange (“Baheal Medical” and such subsidiary being the “Baheal Subsidiary”). These parties have entered into a strategic collaboration and exclusive commercial services agreement (the “**Commercial Services Agreement**”) pursuant to which, the Relevant Subsidiaries have agreed to appoint the Baheal Subsidiary as the exclusive Contract Sales Organization (“**CSO**”) for the promotion of certain products of the Group in the mainland China, Hong Kong and Macau (the “**Relevant Regions**”), subject to the upstream agreements between the relevant members of the Group and the respective licensors of these products (including the relevant licensor’s consent as applicable). It has also been agreed in the Commercial Services Agreement that the Baheal Subsidiary’s affiliates may serve as the distributor of these products in the Relevant Regions at Baheal’s option.

Pursuant to the Commercial Services Agreement, Baheal Subsidiary agreed to pay a up-front strategic cooperation fee to the Relevant Subsidiaries for ten years exclusive Contract Sales Organization from the date of Commercial Services Agreement to August 10, 2035 of amount RMB50,000,000 (included VAT). The revenue would be recognised on a straight-line basis over the contract term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			Effective Interest rate (%)	2024	
	Effective Interest rate (%)	Maturity	RMB'000		Maternity	RMB'000
<b>Current</b>						
Bank loans-unsecured	-	-	-	3.35-4.00	2025	10,000
Current portion of long term						
Bank loans- unsecured	3.40-3.80	2026	7,025	3.40-4.00	2025	5,327
Total-current			7,025			15,327
<b>Non-current</b>						
Bank loans-unsecured	3.40-3.80	2027	8,000	3.4-4.0	2026-2027	15,042
Total non-current			8,000			15,042
Total			15,025			30,369

	2025 RMB'000	2024 RMB'000
The carrying amounts of the borrowings are repayable:		
Within one year	7,025	15,327
Within a period of more than one year but not exceeding two years	8,000	7,042
Within a period of more than two years but not exceeding five years	-	8,000
Total	15,025	30,369

As at December 31, 2025 and 2024, all bank borrowing were denominated in RMB. The carrying amounts of bank loans amounting to RMB6,025,000 (2024: RMB21,361,000) was floating rate loans. The remaining bank loans were at fixed rate.

The carrying amounts of the current bank borrowings approximate to their fair values.

### 25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

#### Deferred tax liabilities

	2025 Right-of-use assets RMB'000
At January 1, 2025	665
Deferred tax credited to the statement of profit or loss during the year	(595)
At December 31, 2025	70

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 25. DEFERRED TAX (CONTINUED)

#### Deferred tax assets

	2025 Lease liabilities RMB'000
At January 1, 2025	665
Deferred tax charged to the statement of profit or loss during the year	(595)
At December 31, 2025	70

#### Deferred tax liabilities

	2024 Right-of-use assets RMB'000
At January 1, 2024	21,127
Deferred tax credited to the statement of profit or loss during the year	(20,462)
At December 31, 2024	665

#### Deferred tax assets

	2024 Lease liabilities RMB'000
At January 1, 2024	21,127
Deferred tax charged to the statement of profit or loss during the year	(20,462)
At December 31, 2024	665

For presentation purposes, deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

At the end of the reporting period, the Group has unused tax losses of approximately RMB2,240,903,000 (2024: RMB2,115,847,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses of RMB631,780,000 and RMB16,859,000 (2024: RMB610,860,000 and RMB12,594,000) incurred by the entities in Chinese Mainland and Taiwan are available for a maximum of five years and ten years respectively for offsetting against future taxable profits of the companies in which the losses arose, while the tax losses incurred by other entities can be carried forward permanently to offset against the future taxable profits of these companies in which the losses arose.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 26. SHARE CAPITAL

	2025 '000	2024 '000	2025 RMB'000	2024 RMB'000
<i>Authorised:</i>				
Ordinary shares of US\$0.00001 each	5,000,000	5,000,000	350	350
<i>Issued and fully paid</i>				
At beginning of the year	424,838,320	424,562,120	28	28
Share options exercised (note a)	1,314,250	276,200	—*	—*
Issue of shares (note b)	74,971,468	—	5	—
Issue of shares (note c)	9,996,196	—	1	—
At end of year	511,120,234	424,838,320	34	28

\* Less than RMB1,000.

- (a) The subscription rights attaching to 276,200 share options were exercised at the subscription price (Note 27), resulting in the issue of 1,314,250 (2024:276,200) shares with a par value of US\$0.00001 each for a total cash consideration of RMB645,000. An amount of RMB2,359,000 was transferred from the share-based payment reserve to share premium upon the exercise of the share options.
- (b) On August 27, 2025, the Company have allotted and issued a total of 74,971,468 shares to the subscriber at the subscription price of HK\$1.34 per subscription share. The subscription generated gross proceeds of HKD100,462,000 (approximately to RMB92,294,000). The net proceeds receivable by the Company under the subscription was approximately HK\$98,662,000 (approximately to RMB90,792,000) after deducting the relevant expenses incurred in relation to the subscription.
- (c) On September 28, 2025, the Company have allotted and issued a total of 9,996,196 shares to the subscriber at the subscription price of HK\$2.26 per subscription share. The subscription generated gross proceeds of HKD22,591,000 (approximately to RMB20,670,000). The net proceeds receivable by the Company under the subscription was approximately HK\$22,091,000 (approximately to RMB20,212,000) after deducting the relevant expenses incurred in relation to the subscription.

### 27. SHARE OPTION SCHEME

The Company operates share-based payment schemes (the “**Scheme(s)**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, the Group’s employees and consultants.

#### The 2016 Plan

A share incentive plan (the “**2016 Plan**”) became effective in April 2016 when the board of directors of CANbridge Beijing approved the 2016 Plan. The maximum aggregate number of shares that may be issued under this plan is 1,250,000 ordinary shares of CANbridge Beijing. The 2016 Plan permits the awards of share options through a limited liability partnership (the “**LLP**”). The participants will indirectly hold share options of CANbridge Beijing through direct holding of the LLP’s interest. As part of the red-chip restructuring of the Company and its subsidiaries, the New Plan (see definition below) was adopted to replace the 2016 Plan and the shares were granted to replace the shares of CANbridge Beijing previously granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 27. SHARE OPTION SCHEME (CONTINUED)

### The New Plan

A new share incentive plan (the “**New Plan**”) became effective on July 25, 2019 when the Board and the shareholders approved the New Plan. The New Plan will continue in effect for a term of ten years unless sooner terminated. The maximum number of shares that may be subject to the awards granted and sold under this New Plan is 2,855,650 shares, which comprises 1,250,000 shares reserved under the New Plan to substitute the shares of CANbridge Beijing previously granted under the 2016 Plan and 1,605,650 additional shares.

In July 2021, as approved by the board of directors, the Company amended the New Plan to increase the maximum number of shares that may be subject to the awards to 5,454,923.

The share options have vesting terms in schedule from the grant date over 4 to 5 years on the condition that the directors and employees remain in service and fulfil certain performance conditions of individuals.

### Post-IPO Share Option Plan and Post-IPO RSU Plan

The Company adopted the post-IPO share option scheme (the “**Post-IPO Share Option Plan**”) and post-IPO share award scheme (the “**Post-IPO RSU Plan**”), as approved by resolutions of shareholders on 18 November 2021 and amended on June 27, 2024 for the purpose of aligning the interests of eligible persons to make contributions to the long-term growth and profits of the Group. Eligible persons may include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them). The Post-IPO Share Option Plan and Post-IPO RSU Plan will continue in effect for a term of ten years.

The maximum number of shares may be granted under the Post-IPO Share Option Plan, when aggregated with the maximum number of shares in respect of which options may be granted under any other option scheme shall not exceed 10% of the issued share capital of the Company as of June 27, 2024 (or of the date on which the refreshing of the 100% limit is approved by the shareholders of the Company). The maximum number of shares underlying all grants made pursuant to the Post-IPO RSU Plan shall not exceed 5% of the issued share capital of the Company as of June 27, 2024 (or of the date on which the refreshing of the 100% limit is approved by the shareholders of the Company).

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a proposed recipient of the grant of or option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue (excluding any treasury shares) at any time, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options shall be accepted within the time period specified in the offer. The exercise period of the share options granted is determinable by the Board. This period must expire no later than ten years from the relevant date of grant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 27. SHARE OPTION SCHEME (CONTINUED)

### Post-IPO Share Option Plan and Post-IPO RSU Plan (Continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant.

For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based payment expenses are then adjusted to reflect the revision of original estimates.

There are no cash settlement alternatives. The group does not have a past practice of cash settlement for these share options. The Group accounts for the Schemes as equity-settled plans.

Share options do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

The maximum number of RSUs available for grant under the Post-IPO RSU Scheme (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 51,112,023, representing approximately 10% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025.

The maximum number of RSUs available for grant under the Post-IPO RSU Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service Providers, was 5,111,202, representing approximately 1% of the total number of Shares in issue (excluding treasury shares) as at the December 31, 2025.

The maximum number of Options available for grant under the Post-IPO Share Option Scheme (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 51,112,023, representing approximately 10% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025.

The maximum number of Options available for grant under the Post-IPO Share Option Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service providers, was 5,111,202, representing approximately 1% of the total number of Shares in issue (excluding treasury shares) as at the December 31, 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 27. SHARE OPTION SCHEME (CONTINUED)

#### Share options

During the year ended December 31, 2025, no share options are granted.

During the year ended December 31, 2024, the Company granted a total of 12,815,000 options under the Post-IPO Share Option Plan to 29 employees. The vesting schedule of 9,125,000 options granted would be subject to a service-based vesting condition, which would be satisfied over a four-year term as well as its individual performance review. The vesting schedule of the 3,690,000 options granted would be subject to the performance-based conditions including the achievement or attainment of the performance targets by the Company within four years from the date of grant.

The following share options were outstanding under the New Plan and the Post-IPO Share Option Plan at the end of the reporting period:

	Number of share options	Weighted average exercise price per share option RMB
<b>At January 1, 2025</b>	<b>44,923,554</b>	<b>4.40</b>
Forfeited during the year	<b>(13,206,044)</b>	<b>4.20</b>
Exercised during the year	<b>(1,314,250)</b>	<b>0.49</b>
<b>At December 31, 2025</b>	<b>30,403,260</b>	<b>5.55</b>

	Number of share options	Weighted average exercise price per share option RMB
At January 1, 2024	48,608,855	4.69
Granted during the year	12,815,000	0.36
Forfeited during the year	(16,244,101)	3.74
Exercised during the year	(276,200)	0.14
At December 31, 2024	44,923,554	4.40

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 27. SHARE OPTION SCHEME (CONTINUED)

#### Share options (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### Year ended December 31, 2025

Number of share options	Exercise price	Exercise price in HKD	Exercise period
–	RMB0.10	0.12	2016 – 2025
–	RMB0.15	0.18	2017 – 2026
60,000	RMB0.54	0.65	2017 – 2029
–	RMB0.54	0.65	2020 – 2033
–	RMB0.62	0.76	2017 – 2027
–	RMB1.27	1.54	2019 – 2030
400,000	US\$0.19	1.44	2019 – 2032
5,664,140	US\$0.52	4.04	2019 – 2030
1,880,210	US\$0.59	4.57	2020 – 2033
300,000	US\$0.71	5.48	2020 – 2034
7,499,410	US\$0.75	5.84	2021 – 2035
5,850,000	US\$1.18	9.15	2022 – 2036
625,000	HKD\$3.90	3.90	2023 – 2026
2,653,500	HKD\$2.68	2.68	2023 – 2026
3,671,000	HKD\$0.41	0.41	2025 – 2028
1,800,000	HKD\$0.32	0.315	2025 – 2028
<b>30,403,260</b>			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 27. SHARE OPTION SCHEME (CONTINUED)

#### Share options (Continued)

Year ended December 31, 2024

Number of share options	Exercise price	Exercise price in HKD	Exercise period
–	RMB0.10	0.12	2016 – 2025
150,000	RMB0.15	0.18	2017 – 2026
100,000	RMB0.54	0.65	2017 – 2029
250,000	RMB0.54	0.65	2020 – 2033
10,000	RMB0.62	0.76	2017 – 2027
120,000	RMB1.27	1.54	2019 – 2030
400,000	US\$0.19	1.44	2019 – 2032
8,878,680	US\$0.52	4.04	2019 – 2030
1,880,210	US\$0.59	4.57	2020 – 2033
300,000	US\$0.71	5.48	2020 – 2034
9,750,330	US\$0.75	5.84	2021 – 2035
7,758,163	US\$1.18	9.15	2022 – 2036
2,039,421	HKD\$3.90	3.9	2023 – 2026
4,191,750	HKD\$2.68	2.68	2023 – 2026
7,295,000	HKD\$0.41	0.41	2025 – 2028
1,800,000	HKD\$0.32	0.315	2025 – 2028
44,923,554			

#### Fair value of share options

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the key assumptions that the model used.

	2024
Expected volatility (%)	46.23-46.64
Risk – free interest rate (%)	3.65-3.88
Expected life of options (year)	0.42-9.83
Weighted average share price (US\$ per share)	0.04-0.05

The risk-free interest rate was based on the yield of the Hong Kong Bond as of each valuation date. The volatility was estimated based on historical volatility of comparable companies as of the valuation date. The expected life of the options is based on the historical data over the past years and is not necessarily indicative of the exercise patterns that may occur.

The Group recognised share-based payment expenses of RMB3,760,000 in relation to share options for the year ended December 31, 2025 (2024: RMB5,937,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 27. SHARE OPTION SCHEME (CONTINUED)

### Fair value of share options (Continued)

As at December 31, 2025, the Company had 30,060,760 share options outstanding under the New Plan and the Post-IPO Share Option Plan. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 30,060,760 additional ordinary shares of the Company and additional share capital of approximately RMB2,000.

### Restricted share units

During the year ended December 31, 2025, no RSUs are granted.

During the year ended December 31, 2024, the Company granted a total of 6,336,000 RSUs under the Post-IPO RSU Plan to 21 employees. The RSUs granted to employees are accounted for as equity awards and measured at their granted date fair values.

The vesting schedule of the RSUs granted would be subject to both the service-based conditions and the performance-based conditions. The time-based conditions would be satisfied over four years from the date of grant. The performance-based RSUs shall vest in the grantee conditional upon the achievement or attainment of the performance targets by the Company within four years from the date of grant.

The Group recognised share-based payments expenses of RMB1,308,000 in relation to RSUs for the year ended December 31, 2025 (2024: RMB1,752,000).

The following RSUs were outstanding under the Post-IPO RSU Plan at the end of the reporting period:

### Year ended December 31, 2025

	Number of RSUs
At January 1, 2025	6,794,750
Forfeited during the year	(1,631,600)
Vested during the year	(581,400)
At December 31, 2025	4,581,750

### Year ended December 31, 2024

	Number of RSUs
At January 1, 2024	4,612,750
Granted during the year	6,336,000
Forfeited during the year	(3,619,625)
Vested during the year	(534,375)
At December 31, 2024	6,794,750

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 28. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution MPF retirement benefit scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 (2024: HK\$1,500) and they can choose to make additional contributions. Employers’ monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (2024: HK\$1,500) (the “**Mandatory Contributions**”). Employees are entitled to 100% of the employer’s Mandatory Contributions upon their retirement at the age of 65, death or total incapacity. The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

Employees of the Group’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefit scheme to fund the benefit scheme.

Pursuant to the Labour Standards Law of Taiwan, employees of the Group in Taiwan participated in the Labour Pension Fund, which is a defined contribution plan managed by the Bureau of Labour Funds as governed by the Ministry of Labour in Taiwan (“**Ministry of Labour**”). Under such plan, the Group is required to make monthly contributions to the Bureau of Labour Insurance, Ministry of Labour at 6.0% of the employees’ total monthly wages. Contributions made to such pension fund vest immediately.

Pursuant to the relevant laws and regulations in the United States of America, the Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefit scheme to fund the benefit scheme.

At December 31, 2025 and 2024, there was no forfeited contribution under any defined contribution schemes available which may be used by the Group to reduce the existing level of contributions, nor any contribution under any defined contribution schemes was forfeited by the Group for both years. The contributions paid and payable to the schemes by the Group are disclosed in Note 8 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

### a) Contributed surplus reserve

Contributed surplus represents reserve the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the reorganization undertaken by the Company in preparation for the listing ("**Reorganisation**") over the nominal value of the Company's shares issued in exchange therefor.

### b) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currency is not RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 4.

### c) Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of its nominal value.

### d) Share-based payments reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in Note 4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised or be transferred to retained profits should the related options expire or be forfeited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 30. 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 RMB250,000 (2024: RMB3,040,000) and RMB250,000 (2024: RMB3,040,000), respectively, in respect of lease arrangements for offices and laboratory.

b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At January 1, 2025	30,369	105,408
<b>Changes from financing cash flows:</b>		
Proceeds from bank and other borrowings	20,025	–
Repayment of bank and other borrowings	(35,369)	–
Capital element of lease rentals paid	–	(2,773)
Interest paid	(975)	(90)
Total changes from financing cash flows	(16,319)	(2,863)
<b>Other changes:</b>		
New lease	–	250
Accrual interest expenses	975	1,255
Reallocated to other payables	–	(3,786)
Early termination of lease	–	(98,399)
Exchange realignment	–	(808)
Total other changes	975	(101,488)
<b>At December 31, 2025</b>	<b>15,025</b>	<b>1,057</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### b) Changes in liabilities arising from financing activities (Continued)

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At January 1, 2024	30,315	111,614
<b>Changes from financing cash flows:</b>		
Proceeds from bank and other borrowings	30,535	–
Repayment of bank and other borrowings	(30,598)	–
Capital element of lease rentals paid	–	(9,975)
Interest paid	(1,454)	(7,113)
Total changes from financing cash flows	(1,517)	(17,088)
<b>Other changes:</b>		
New lease	–	3,040
Accrual interest expenses	1,454	7,130
Reallocated to other payables	–	(2,220)
Early termination of lease	–	(218)
Exchange realignment	117	3,150
Total other changes	1,571	10,882
At December 31, 2024	30,369	105,408

### 31. RELATED PARTY TRANSACTION

#### a) Name and relationship

The directors of the Group are of the view that the following companies are related parties that had transactions or balances with the Group during the year:

Name of related parties	Relationship with the Group
Shanghai Medkey Med-Tech Development Co., Ltd.	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Suzhou) Co., Ltd.	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Nantong) Co., Ltd.	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Shanghai) Co., Ltd.	An entity controlled by one of the Company's major shareholders
Beijing Baheal Zhihe Medical Achievement Transformation Service Co., Ltd (" <b>Baheal Zhihe</b> ")	An entity controlled by one of the Company's major shareholders
Hebei Baheal Chengda Pharmaceutical Co., Ltd	An entity controlled by one of the Company's major shareholders

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 31. RELATED PARTY TRANSACTION (CONTINUED)

b) The Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
<i>Purchase of services:</i>		
WuXi AppTec (Suzhou) Co., Ltd.	–	461
Shanghai Medkey Med-Tech Development Co. Ltd.	–	1,472
WuXi AppTec (Shanghai) Co., Ltd.	355	1,912
<i>Sales of medical products:</i>		
Hebei Baheal Chengda Pharmaceutical Co., Ltd	7,154	–
<i>Strategic cooperation income:</i>		
Baheal Zhihe	782	–

Note:

WuXi AppTec (Suzhou) Co., Ltd., Shanghai Medkey Med-Tech Development Co., Ltd., WuXi AppTec (Shanghai) Co., Ltd. and WuXi AppTec (Nantong) Co., Ltd provided Contract Research Organization (“CRO”) services to the Group.

The transactions were carried out in accordance with mutually agreed terms and conditions.

c) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
<i>Trade receivables:</i>		
Hebei Baheal Chengda Pharmaceutical Co., Ltd	8,084	–
<i>Amounts due to related parties:</i>		
WuXi AppTec (Suzhou) Co., Ltd.	2,285	2,285
Shanghai Medkey Med-Tech Development Co. Ltd.	1,484	1,484
WuXi AppTec (Shanghai) Co., Ltd.	3,241	3,379
<i>Contract liabilities:</i>		
Baheal Zhihe	46,388	–

This balance is unsecured, interest-free and has no fixed terms of repayment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 31. RELATED PARTY TRANSACTION (CONTINUED)

d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,146	5,233
Pension scheme contribution	228	200
Bonus	–	–
Share-based payments	956	1,675
Total compensation paid to key management personnel	4,330	7,108

Further details of directors' and the chief executive's emoluments are included in Note 10 to the consolidated financial statements.

### 32. 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*

	2025 RMB'000	2024 RMB'000
<b>Financial assets at amortised cost:</b>		
Trade receivables	15,119	16,723
Financial assets included in other receivables and deposits	614	1,488
Cash and bank balances	66,625	10,502
Total	82,358	28,713

#### *Financial liabilities*

	2025 RMB'000	2024 RMB'000
<b>Financial liabilities at amortised cost:</b>		
Trade payables	368,834	370,458
Financial liabilities included in other payables and accruals	74,802	83,044
Lease liabilities	1,057	105,408
Interest-bearing bank and other borrowings	15,025	30,369
Total	459,718	589,279

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.
Level 3:	Fair value measured using significant unobservable inputs.

There were no transfer between level 1, 2 and 3 during the years ended December 31, 2025 and 2024.

The carrying amounts of the financial assets and financial liabilities as recognised in consolidated financial statements at December 31, 2025 and 2024 were approximate to their fair values.

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, trade receivables, financial assets included in other receivables and deposits, trade payables, financial liabilities included in other payables, lease liabilities and accruals, interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board 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 fixed-rate bank borrowings (see Note 24 for details of these borrowings) and lease liabilities (see Note 15 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 20 for details), variable-rate bank borrowings (see Note 24 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and interest arising from the Group's borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

As at December 31, 2025, the Group's profit after tax would have decreased or increased by approximately RMB30,000 (2024: loss after tax would have decreased or increased by approximately RMB80,000) had the floating rate borrowing rate increased or decreased by 50 basis points while other factors remained unchanged.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rate, with all other variables held constant, of the Group's profit/(loss) after tax (due to changes in the fair values of monetary assets and liabilities).

Increase/(decrease) in profit/(loss) after tax:

	2025 RMB'000	2024 RMB'000
Increase in the US\$ rate by 5%	(267)	(2,488)
Decrease in the US\$ rate by 5%	267	2,488
Increase in the HK\$ rate by 5%	199	3
Decrease in the HK\$ rate by 5%	(199)	(3)

### Credit risk

The carrying amounts of cash and bank balances, trade receivables, other receivables and other financial assets represent the Group's maximum exposure equal to credit risk in relation to the financial assets.

The Group expects that there is no significant credit risk associated with cash and bank balances since they are substantially held in reputable state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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 order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also expects that there is no significant credit risk associated with other receivables and other financial assets since the counterparties to these financial assets have no history of default.

The other receivables were no recent history of default and past due amounts, therefore, they were categorised in stage 1 at the end of each year. In calculating the ECL rate, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data. As at December 31, 2025 and 2024, the ECL for other receivables was assessed to be minimal.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk exposure

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. The amounts presented are gross carrying amounts for financial assets.

#### As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	15,119	15,119
Financial assets included in other receivables and deposits					
– Normal*	614	–	–	–	614
Cash and bank balances					
– Not yet past due	66,625	–	–	–	66,625
<b>Total</b>	<b>67,239</b>	<b>–</b>	<b>–</b>	<b>15,119</b>	<b>82,358</b>

#### As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	16,723	16,723
Financial assets included in other receivables and deposits					
– Normal*	1,488	–	–	–	1,488
Cash and bank balances					
– Not yet past due	10,502	–	–	–	10,502
<b>Total</b>	<b>11,990</b>	<b>–</b>	<b>–</b>	<b>16,723</b>	<b>28,713</b>

\* 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".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025						Carrying amount RMB'000
	Weighted average interest rate %	On demand RMB'000	Within		Above	Total	
			1 year	1 to 5 years	5 years	undiscounted	
			RMB'000	RMB'000	RMB'000	cash flow RMB'000	
Trade payables	-	368,834	-	-	-	368,834	368,834
Financial liabilities included in other payables and accruals	-	74,802	-	-	-	74,802	74,802
Interest-bearing bank borrowings	3.60	-	7,294	8,544	-	15,838	15,025
Lease liabilities	4.64	-	941	145	-	1,086	1,057
		443,636	8,235	8,689	-	460,560	459,718

	2024						Carrying amount RMB'000
	Weighted average interest rate %	On demand RMB'000	Within		Above	Total	
			1 year	1 to 5 years	5 years	undiscounted	
			RMB'000	RMB'000	RMB'000	cash flow RMB'000	
Trade payables	-	370,458	-	-	-	370,458	370,458
Financial liabilities included in other payables and accruals	-	84,404	-	-	-	84,404	84,404
Interest-bearing bank borrowings	3.69	-	15,978	15,374	-	31,352	30,369
Lease liabilities	6.60	-	18,398	59,228	62,402	140,028	105,408
		454,862	34,376	74,602	62,402	626,242	590,639

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 34. 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and 2024.

## 35. EVENTS AFTER THE REPORTING PERIOD

On February 15, 2026, the Company entered into the subscription agreement with the WuXi Biologics HealthCare Venture (the "**Subscriber**"), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 84,033,613 subscription shares at the subscription price of HK\$2.38 per subscription share.

The gross proceeds of the subscription will amount to approximately HK\$200,000,000 and the net proceeds receivable by the Company under the subscription are estimated to be approximately HK\$199,000,000 after deducting the relevant expenses incurred in relation to the subscription. The net issue price per subscription share is HK\$2.37.

The conditions set out in the subscription agreement had been fulfilled and the subscription have been completed at March 10, 2026 For further details, please refer to the Company's announcement dated February 16, 2026 and March 10, 2026.

## 36. LITIGATION

As at December 31, 2024, the Group is involved in several labor disputes cases as a defendant, with an aggregate amount of RMB1,037,000. In the opinion of the Directors, after considering the respective legal advice, adequate provisions have been made in the financial information to address these disputes.

As at December 31, 2025, all such litigation cases had been concluded and settled. No provisions have been made in the financial information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 37. 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
<b>NON – CURRENT ASSET</b>		
Investments in subsidiaries	–	–
Total non – current assets	–	–
<b>CURRENT ASSETS</b>		
Prepayments, other receivables and other assets	33	33
Cash and bank balances	62,139	79
Total current assets	62,172	112
<b>CURRENT LIABILITY</b>		
Other payables and accruals	4,435	4,196
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>57,737</b>	<b>(4,084)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>57,737</b>	<b>(4,084)</b>
Net assets/(liabilities)	57,737	(4,084)
<b>EQUITY</b>		
Share capital	34	28
Reserves (Note)	57,703	(4,112)
Total equity/(deficit)	57,737	(4,084)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Treasury share reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
At January 1, 2024	3,463,496	–	103,717	(3,325,508)	267,427	509,132
Loss for the year	–	–	–	(586,875)	–	(586,875)
Exchange realignment	–	–	–	–	65,903	65,903
Total comprehensive (expense)/income for the year	–	–	–	(586,875)	65,903	(520,972)
Issue of shares from exercise of share options	704	–*	(665)	–	–	39
Share options forfeited/cancelled	–	–	(21,977)	21,977	–	–
Share-based payments	–	–	7,689	–	–	7,689
At December 31, 2024 and January 1, 2025	3,464,200	–*	88,764	(3,890,406)	333,330	(4,112)
Loss for the year	–	–	–	(53,548)	–	(53,548)
Exchange realignment	–	–	–	–	(1,348)	(1,348)
Total comprehensive expense for the year	–	–	–	(53,548)	(1,348)	(54,896)
Issue of shares	110,998	–	–	–	–	110,998
Issue of shares from exercise of share options	3,004	–*	(2,359)	–	–	645
Share options forfeited/cancelled	–	–	(6,687)	6,687	–	–
Share-based payments	–	–	5,068	–	–	5,068
At December 31, 2025	3,578,202	–*	84,786	(3,937,267)	331,982	57,703

\* Less than RMB1,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 38. INFORMATION ABOUT SUBSIDIARIES

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct	Indirect	Direct	Indirect	
CANbridge Pharmaceuticals Limited	Hong Kong March 12, 2018	US\$10,000	100%	-	100%	-	Investment holding
CANbridge Biomed Limited ("CANbridge BIOMED")	Hong Kong March 31, 2014	US\$10,000	-	100%	-	100%	Research and development and commercialisation of medical products
CANbridge Care Pharma Hong Kong Limited (北海康成珍愛藥業香港有限公司) ("CANbridge CARE Pharma")	Hong Kong June 19, 2018	US\$10,000	-	100%	-	100%	Research and development and commercialisation of medical products
CANbridge Life Sciences Ltd. (北海康成(北京)醫藥科技有限公司) ("CANbridge Beijing")*	People's Republic of China (the "PRC")/ Chinese Mainland*** June 12, 2012	RMB306,122,400	-	100%	-	100%	Research and development and commercialisation of medical products
CANbridge (Shanghai) Life Sciences Ltd. (北海康成(上海)生物科技有限公司)*	PRC/Chinese Mainland*** June 22, 2016	RMB120,000,000	-	100%	-	100%	Research and development and commercialisation of medical products
CANbridge Pharmaceuticals, Inc. ("CANbridge US")	United States of America ("USA") September 1, 2017	US\$1	100%	-	100%	-	Research and development and business development
CARE Pharma Shanghai Ltd. (諾愛藥業(上海)有限公司)*	PRC/Chinese Mainland*** January 17, 2018	US\$10,204,100	-	100%	-	100%	Research and development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 38. INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct	Indirect	Direct	Indirect	
CANbridge Pharma Co., Ltd. (北海康成股份有限公司)*	Taiwan October 5, 2019	TW\$ 615,420	-	100%	-	100%	Research and development and commercialisation of medical products
CANbridge (Suzhou) Bio-Pharma Co., Ltd. (北海康成(蘇州)生物製藥有限公司)*** ("CANbridge Suzhou")	PRC/Chinese Mainland*** April 15, 2021	US\$11,800,000	-	100%	-	100%	Research and development

\* The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies do not have any official English names.

\*\* Registered as a wholly-foreign-owned enterprise under PRC law.

\*\*\* Limited liability company established in PRC.

### 39. COMPARATIVE

Certain comparative amounts have been reclassified to conform with current period presentation.

### 40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement were approved and authorized for issue by the board of Directors on March 30, 2026.