Simcere

先聲藥業集團有限公司
Simcere Pharmaceutical Group Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 2096

ANNUAL REPORT 2025

For patients, for life.

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. REN Jinsheng
(Chairman)
Mr. TANG Renhong
Mr. WAN Yushan
Ms. WANG Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SONG Ruilin
Mr. WANG Jianguo
Mr. WANG Xinhua
Mr. SUNG Ka Woon

AUDIT COMMITTEE

Mr. WANG Xinhua *(Chairman)*
Mr. SONG Ruilin
Mr. WANG Jianguo

REMUNERATION AND APPRAISAL COMMITTEE

Mr. WANG Jianguo *(Chairman)*
Mr. REN Jinsheng
Mr. WAN Yushan
Mr. WANG Xinhua
Mr. SUNG Ka Woon

NOMINATION COMMITTEE

Mr. SONG Ruilin *(Chairman)*
Mr. REN Jinsheng
Ms. WANG Xi
Mr. WANG Jianguo
Mr. SUNG Ka Woon

STRATEGY COMMITTEE

Mr. REN Jinsheng *(Chairman)*
Mr. TANG Renhong
Mr. WANG Jianguo

JOINT COMPANY SECRETARIES

Mr. WAN Yushan
Ms. WONG Wai Ling *(resigned on March 25, 2026)*
Ms. MAK Po Man Cherie
(appointed on March 25, 2026)

AUTHORIZED REPRESENTATIVES

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Mr. TANG Renhong

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AUDITOR

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PRC

COMPANY'S WEBSITE

http://www.simcere.com

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
2096

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2025:

- Revenue of the Group was RMB7,731 million, representing an increase of 16.5% as compared to RMB6,635 million for 2024.
- Revenue from the innovative pharmaceutical business[1] was RMB6,304 million, accounting for 81.5% of the total revenue and representing an increase of 27.9% as compared to RMB4,928 million for 2024.
- Revenue of the Group was mainly derived from the therapeutic areas where its businesses are focused. Of which, revenue from the field of neuroscience was RMB2,753 million, accounting for 35.6% of the total revenue and representing an increase of 26.6% as compared to RMB2,174 million for 2024. Revenue from the field of autoimmune was RMB1,892 million, accounting for 24.5% of the total revenue and representing an increase of 4.5% as compared to RMB1,811 million for 2024. Revenue from the field of anti-oncology was RMB1,987 million, accounting for 25.7% of the total revenue and representing an increase of 53.0% as compared to RMB1,298 million for 2024. Revenue from other fields was RMB1,099 million, accounting for 14.2% of the total revenue and representing a decrease of 18.7% as compared to RMB1,352 million for 2024.
- Profit attributable to equity shareholders of the Company was RMB1,344 million, representing an increase of RMB622 million or 86.2% as compared to RMB722 million for 2024. The adjusted profit attributable to equity shareholders of the Company[2] amounted to RMB1,280 million, representing an increase of RMB273 million or 27.1% as compared to RMB1,007 million for 2024.

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1 Includes license income.

2 The adjusted profit attributable to equity shareholders of the Company is defined by the Group as profit attributable to equity shareholders of the Company adjusted for the following items: (i) net realized and unrealized gain/loss on financial assets at fair value through profit or loss; (ii) net realized and unrealized gain on associates at fair value through profit or loss; (iii) interest expenses arising from redemption liability; and (iv) income tax effect related to the above items.

3 All comparative information in this report has been adjusted based on the restated consolidated financial information as of December 31, 2024. In October 2025, the Group completed the acquisition of Xianwei (Hainan) Biotechnology Co., Ltd., and the acquisition was treated as a business combination under common control of the Group in accordance with the consolidated accounting standards as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The Group's financial information for the year ended December 31, 2024 has been restated accordingly to comply with relevant accounting standards.

The Group is an innovation and R&D-driven pharmaceutical company with capabilities in R&D, production and professional marketing. The Group primarily focuses on the areas of neuroscience, anti-oncology, autoimmune and anti-infection, with forward-looking layout of disease areas that have significant clinical needs in the future, aiming to achieve the corporate mission of "born for the patients".

Group review for 2025: The Group achieved high-quality development by insisted on focusing on the "more effective and distinctive" strategic guidelines. The innovative pharmaceutical business accelerated its growth and its commercialized innovative drugs increased to ten, thus its revenue hit a record high, and the share of revenue from innovative drugs continued to grow. In the focused therapeutic areas, the Group has established a pipeline of over 60 types of innovative drugs. The efficient clinical study and registration teams continuously facilitated the progress of global research and development, which expedited the commercialization of innovation. At the same time, the Group reached positive progress in terms of international collaborations and overseas licensings of in-house pipelines, which further expanded global layout of innovative drugs.

- In the focused areas, the Group has 10 innovative drugs approved for marketing and sale. As of December 31, 2025, the Group has 14 products recommended in guidelines and pathways issued by over 100 government authorities or prestigious professional associations, and has over 45 products included in the National Reimbursement Drug List ("**NRDL**").
- The Group pays high attention to the establishment of innovative drug research and development ("**R&D**") capacity, and has established innovation centers in Shanghai, Nanjing, Beijing and Boston respectively, a collaborative innovation center in Hong Kong as well as a State Key Laboratory of Neurology and Oncology Drug Development. The Group's R&D system has achieved functions covering the whole process of drug discovery, preclinical development, clinical trial and registration, and owns innovative platforms of protein engineering, PAb/T-cell engager ("**TCE**"), antibody-drug conjugate ("**ADC**"), AI-aided drug discovery and protein degradation, etc. As of December 31, 2025, the Group had a R&D team of approximately 985 employees in total with approximately 214 doctors and 522 masters.
- The Group attaches great importance to the protection of intellectual property rights. For the year ended December 31, 2025, the Group had 300 new patent applications (including domestic and overseas unpublished patent applications), including 298 invention patent applications. For the year ended December 31, 2025, the Group has accumulatively obtained 336 invention patents.
- The Group has a nationwide marketing network and leading commercialization capacity, and will continuously strengthen its professional marketing capacity, so as to enhance coverage and access to medicines. As of December 31, 2025, the Group's sales team had a total of approximately 4,315 employees divided into four business units (neuroscience, anti-oncology, autoimmune & comprehensive and retail business) and other support departments across 31 provinces, municipalities and autonomous regions, covering over 3,600 Class III hospitals, approximately 17,000 other hospitals and medical institutions as well as more than 2,400 medium-to-large-scale national or regional chain pharmacies in China.
- The Group has established manufacturing infrastructures and quality management systems in line with international standards and has continuously improved its manufacturing capabilities of pharmaceuticals. The six production facilities that have been put into use all meet the requirements of Chinese GMP, and many of the production lines have passed the inspection of the U.S. Food and Drug Administration (the "**FDA**") or EU GMP.
- Driven by its in-house R&D efforts and synergistic innovation, the Group has established strategic cooperation partnerships with many innovative companies and research institutes, exploring multiple collaborative modes such as cooperative R&D and achievement transfer and continuously developing products that patients urgently need and have significant market potential. The Group established the Scientific Advisory Board (SAB) comprising dozens of world-renowned scientists in the areas of neuroscience, anti-oncology and autoimmune, etc., so as to bring their professional capabilities and experiences to provide scientific advice for early drug discovery and clinical development of the Group, and aim to attract global leaders of life science to explore and create unprecedented treatments.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2025, China's pharmaceutical industry witnessed an accelerated pace of innovative transformation and remarkable achievement. With the continuous deepening of international footprints, strong momentum has been injected into the industry's high-quality development. Simcere Pharmaceutical has remained committed to its founding mission of "born for the patients", using innovative drug R&D as its core driver. The Company has focused on four key therapeutic areas, namely neuroscience, oncology, autoimmune diseases, and anti-infectives, to continuously develop differentiated, high-value clinical treatment solutions.

By the end of 2025, the Company had launched a total of 10 innovative drugs. During the year, QUVIVIQ®, an innovative insomnia treatment with a novel mechanism of action, was successfully launched. As it is not subject to psychotropic drug regulations, it has opened up a new treatment pathway for insomnia. Enzeshu®, China's first domestically developed drug covering the entire patient population with platinum-resistant ovarian cancer, was successfully launched and included in the national healthcare insurance coverage, filling a gap in clinical treatment. Continuous progress in innovative drug R&D has further enhanced the innovation product portfolio, ensuring the sustainable growth of the Company's performance.

Driven by a development strategy centered on open innovation, the Company yielded fruitful results in external collaborations. In 2025, the Company successfully completed three out-licensing transactions and established multiple strategic partnerships with pharmaceutical companies in Europe and the US, such as AbbVie, NextCure and Ipsen. The number of out-licenses in the oncology field ranked among the forefront of Chinese pharmaceutical companies, fully demonstrating the Company's rapidly growing R&D capabilities and differentiated innovative value. By expanding international R&D collaborations, the Company is comprehensively integrating into the global R&D ecosystem, achieving the normalized and systematic development of its out-licensing business.

Looking ahead to 2026, the Company will continuously build its core competitiveness in innovative drug R&D and commercialization. The Sanbexin® series will solidify our market leadership in the stroke treatment sector. QUVIVIQ® will leverage its unique mechanism to tap into the huge potential of the insomnia market. Following the inclusion of our three major oncology drugs, namely COSELA®, ENLITUO® and ENZESHU®, in the National Healthcare Insurance, we expect to see sustained sales growth (volume expansion). Innovative drugs in the pipeline are expected to receive approvals sequentially, which will promote a virtuous cycle of increased R&D investment and performance output.

Arduous as the journey may be, we will eventually reach our goal through steadfast action. On behalf of the Board of Directors, I would like to express my sincere gratitude to all our colleagues for their hard work, to our partners for their full support, and to our shareholders for their long-term trust. In 2026, Simcere Pharmaceutical will remain committed to its mission of "born for the patients". We will adhere to long-termism, focus on huge unmet clinical needs, help more patients through technological innovation, and reward our investors with sustained performance growth.

INDUSTRY REVIEW

In 2025, the pharmaceutical industry of China maintained steady development driven by continuously favourable policy and enhanced innovation capabilities. During the year, the Ministry of Commerce released the revised Catalogue of Industries Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) in February, adding the R&D and production of innovative drugs and high-end pharmaceutical products to the list of encouraging sectors, further optimizing the industrial development environment. The National Medical Products Administration of China continued to refine its review and approval system, enhancing the priority review and conditional approval mechanisms to accelerate the process of new drug application. In November, the National Healthcare Security Administration completed a new round of adjustments to the National Reimbursement Drug List, incorporating multiple innovative drugs into the medical insurance coverage scope and improving the accessibility of innovative achievements. Benefiting from policy support and sustained increases in R&D investment, 76 innovative drugs were approved throughout 2025, representing an increase from last year, with the proportion of domestically developed innovative drugs continuing to rise. Building on accumulated innovation achievements, international collaborations among Chinese innovative drug companies have further deepened. The number of licensed-out transactions reached 157 for the year, with a total transaction value exceeding US$130 billion, representing a significant increase from 2024, thus demonstrating the growing global recognition of China's innovative drug assets. Overall, driven by system optimization and the accelerated commercialization of innovation achievements, the industry has further strengthened its innovation-driven characteristics, steadily advanced its internationalization process, and solidified its developmental foundation.

BUSINESS HIGHLIGHTS

The Group devotes to establishing its product portfolios with a focus on neuroscience, anti-oncology, autoimmune and anti-infection. For the year ended December 31, 2025 and up to the date of this report, the Group has achieved the following key milestones and achievements:

The Group's innovative drugs that have entered the commercialization stage increased to ten, of which, two new innovative products were approved for marketing in China, which included:

- QUVIVIQ® (daridorexant hydrochloride tablets) is for the treatment of adult patients with insomnia characterized by difficulties with sleep onset and/or sleep maintenance and QUVIVIQ® has not been designated as a controlled substance.
- ENZESHU® (Suvemcitug for Injection) is indicated for the treatment of recurrent ovarian cancer, fallopian tube cancer, or primary peritoneal cancer in combination with paclitaxel, liposomal doxorubicin, or topotecan in adults who have received no more than one systemic therapy after platinum resistance.

Two new drug applications ("NDA") of the Group have been accepted by the National Medical Products Administration of China (the "NMPA"), which included:

- Xianlinda® (DEUNOXAVIR MARBOXIL(tablet and granule form))[1], an inhibitor for influenza polymerase acidic (PA) protein, which can be used to treat uncomplicated influenza A and B in adults and adolescents and children aged 2 to 11 years old.
- Leruiping® (Rademikibart)[2], a fully human monoclonal antibody targeting IL-4Rα, which is intended for the treatment of adult and adolescents' atopic dermatitis.

The Group achieved further expansion in the coverage of the National Reimbursement Drug List (the "NRDL"):

- ENZESHU® (Suvemcitug Injection) was successfully included in NRDL during the first year on the market.

The research and development or joint research and development pipelines of the Group gradually entered the critical harvest period and three new drug molecules were at phase III clinical studies, which included:

- SIM0270, a new-generation oral selective estrogen receptor degraders ("**SERD**") with blood-brain barrier penetration characteristics, which is intended for ER+/HER2-locally advanced or metastatic breast cancer after treatment with a CDK4/6 inhibitor.
- Leruiping® (Rademikibart), a fully human monoclonal antibody targeting IL-4Rα, which is intended for the treatment of asthma.
- Deuterated Remdesivir Hydrobromide Dry Suspension, an oral nucleoside antiviral candidate with broad-spectrum activity against RNA viruses, is for the treatment of respiratory syncytial virus ("**RSV**") infection

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[1] A product with commercial right.

[2] As part of a strategic optimization of our overall commercialization deployment for the product, the Company voluntarily withdrew the NDA for Rademikibart in April 2026 and has planned to resubmit the NDA in April 2026.

The Group continued to expand new indications of marketed products, which included: Endostar®'s malignant thoracoabdominal effusions and perioperative period of ENWEIDA®'s non-small-cell lung cancer ("**NSCLC**"), ENZESHU®'s third-line refractory metastatic colorectal cancer and COSELA®'s limited-stage small cell lung cancer (LS-SCLC).

The Group expedited the promotion of its in-house pipelines to enter the clinical stage and various types of products entered the critical period of POC data. As of the date of this report, the Group has added twelve investigational new drug applications ("**IND(s)**")[1], completed eight First-in-Human ("**FIH**")/First-patient-in ("**FPI**")[2] trials, five Last-Patient-In ("**LPI**")[3].

The Group continued to promote the globalization strategy where six innovative drugs have obtained IND in the U.S. and China and are under clinical development stage, which included: Sanbexin® sublingual tablets, SIM0500 (humanized GPRC5D/BCMA/CD3 tri-specific antibody), SIM0508 (Pol θ small molecule inhibitor), SIM0505 (CDH6-ADC), SIM0686 (FGFR2b-ADC), SIM0609 (CDH17-ADC).

The Group has been expediting the R&D schedules of multiple innovative drugs under pivotal clinical trials. As of the date of this report, one phase III key data achieved positive top-line data, and two phase III data have been published in well-known academic journals:

- On August 25, 2025, information of the anti-hypnotic drug QUVIVIQ® (daridorexant hydrochloride tablets) Phase III clinical trial in China were published in the World Sleep Society's official publication SLEEP. The results showed that, for the Chinese insomnia population, daridorexant hydrochloride achieved positive outcomes in maintaining sleep, accelerating sleep onset, and prolonging sleep duration, with a low incidence of morning drowsiness.
- On January 9, 2026, Nature Cancer published the full data from the Phase III SCORES clinical trial study of an anti-oncology type 1 new drug Suvemcitug. The study confirmed that Suvemcitug combined with chemotherapy significantly extended progression-free survival ("**PFS**") and overall survival ("**OS**") in patients with platinum-resistant ovarian cancer.
- On January 12, 2026, Zemprocitinib (JAK1) demonstrated positive top-line data in a Phase III clinical trial for the treatment of moderate-to-severe active rheumatoid arthritis. The study demonstrated statistically significant efficacy differences ($P < 0.0001$) for Zemprocitinib compared to placebo across both the primary and key secondary efficacy endpoints, while exhibiting favorable safety and tolerability.

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1 A total of twelve INDs were approved, namely SIM0505 (advanced solid tumors, January 2025, China), SIM0686 (advanced solid tumors, April 2025, China; July 2025, the United States), SIM0508 (in combination with Olaparib to be used in advanced solid tumors, August 2025, China), SIM0692 (immune thrombocytopenia, August 2025, China), SIM0609 (advanced solid tumors, September 2025, China and the United States), SIM0811 (acute ischemic stroke, December 2025, China), SIM0610 (advanced solid tumors, December 2025, China), SIM0278 (lupus nephritis, December 2025, China), Sanbexin sublingual tablets (ICH, March 2026, China), SIM0532 (advanced solid tumors, March 2026, China).

2 Six studies completed FIH, namely SIM0505 (advanced solid tumors, phase I, February 2025), SIM0686 (advanced solid tumors, phase I, May 2025), SIM0500 (relapsed/refractory multiple myeloma, phase I, June 2025, the United States), SIM0505 (advanced solid tumors, phase I, October 2025, the United States), SIM0610 (advanced solid tumors, phase I, January 2026), SIM0811 (phase I, February 2026); two studies completed FPI, namely SIM0278 (moderate-to-severe atopic dermatitis, phase II, October 2025), SIM0278 (alopecia areata, phase II, February 2026, the United States).

3 A total of five studies completed LPI, namely Xianlinda® (influenza in children, phase III, February 2025), Zemprocitinib (RA, phase III, March 2025), Deulorlatinib (non-small cell lung cancer, phase III), Sanbexin sublingual tablets (PSCI, phase II, December 2025), Leruiping® (asthma, phase III, December 2025).

The Group established a global innovation ecosystem through strategic cooperation under the dual drive of its in-house efforts and business development (BD), and continued to expand product pipelines while further verifying the international competitiveness of the R&D capacity of the Group:

- On January 13, 2025, the Group has entered into an option to license agreement with a subsidiary of AbbVie Inc. ("**AbbVie**"), AbbVie would have the option to license SIM0500, an IND candidate, while the Group would retain its rights in the Greater China Region.
- On June 16, 2025, the Group has achieved strategic cooperation with NextCure, Inc. ("**NextCure**") in relation to a new Antibody-Drug Conjugates ("**ADC**") drug SIM0505 (CDH6-ADC), NextCure obtains global rights (excluding the Greater China region) to SIM0505.
- On December 3, 2025, the Group entered into a license agreement with Vigonvita Life Science Co., Ltd. ("**Vigonvita**") in respect of new indications of Deuterated Remdesivir Hydrobromide Dry Supsension. The Group will obtain exclusive rights to Deuterated Remdesivir Hydrobromide Dry Supsension in the Greater China region for the treatment of RSV infection and human metapneumovirus ("**HMPV**") infection.
- On December 19, 2025, the Group entered into an exclusive licensing agreement with Ipsen Pharma SAS. ("**Ipsen**"). Ipsen would have the exclusive global rights, outside of Greater China, for development, manufacturing and commercialization of a LRRC15-targeting ADC, SIM0613.
- On January 26, 2026, the Group entered into an exclusive licensing agreement with Boehringer Ingelheim. Boehringer Ingelheim would have the exclusive global rights, outside of Greater China, of SIM0709, a TL1A/IL-23p19 bispecific antibody for inflammatory bowel disease.

The Group has made significant strides in improving its environmental, social and governance (ESG) standards. According to Morgan Stanley Capital International's (MSCI) latest ESG rating results in 2025, the rating of the Group was A, ranking at the forefront of the pharmaceutical industry of China.

BUSINESS PROSPECTS

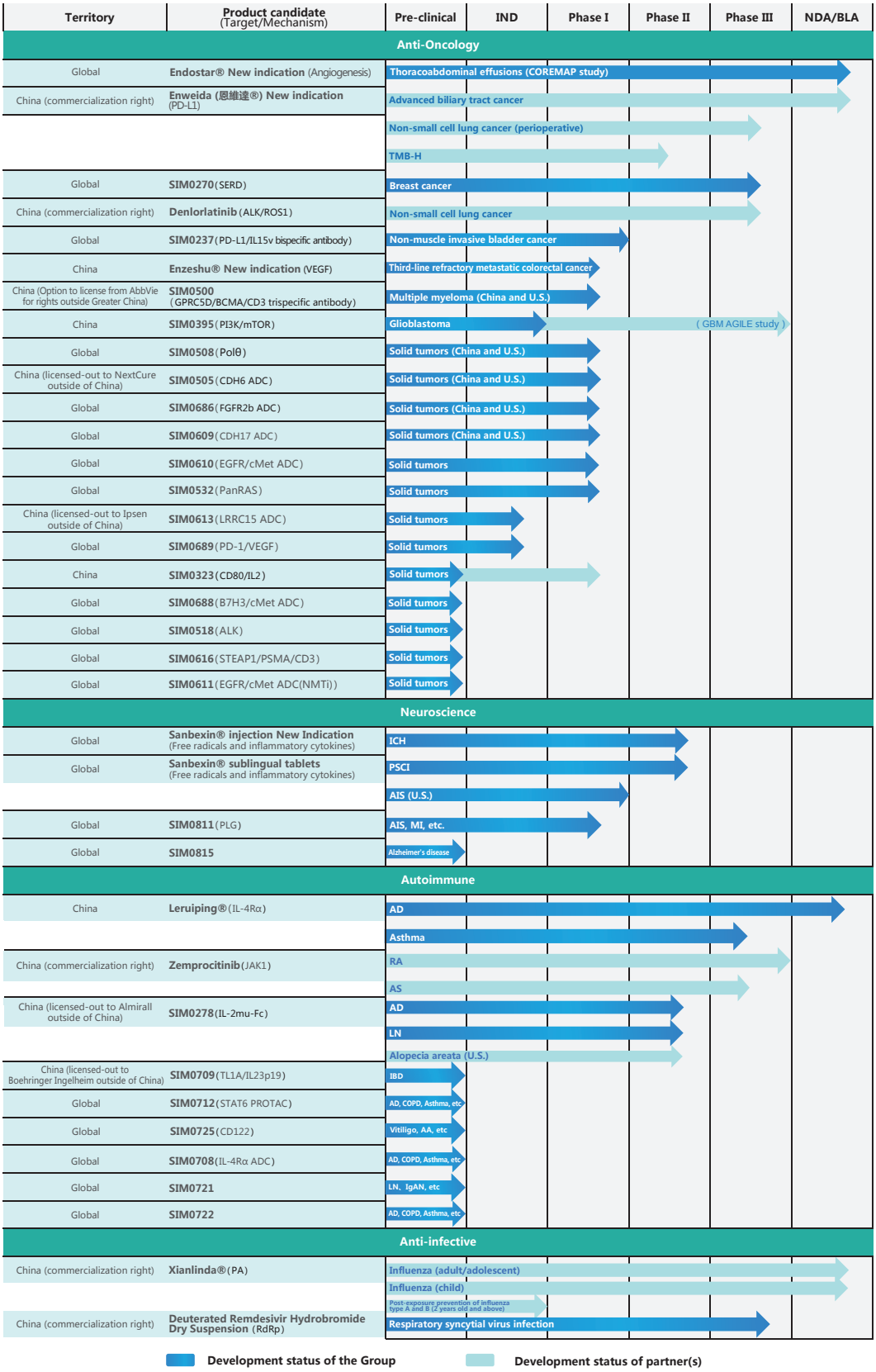
In 2026, the Group will propel the "Innovation 2.0" strategy firmly, focus on the mission of "born for the patients" and "more effective with differentiation" pipelines layout, proactively promote global layout and overseas clinical development. Against the backdrop of continuous optimization of policies, technological advancements and deepened international cooperation, the Group will accelerate the translation of innovative drugs from R&D to clinical and market launch, persistently enhance the clinical value and global competitiveness of our products, continuing to provide safe and effective innovative treatment solutions for more patients.

- The Group will maintain continuous licensed-out progress, expand the global market coverage and influence of innovative drugs through stable international cooperation and licensing mechanisms, hence further enhancing the Group's international competitiveness.
- The Group will continue to increase R&D investments, strengthen innovative drug development capabilities and pipeline construction, drive efficient translation of key clinical-stage products and ensure rapid progress of innovative achievements to deliver clinical value.
- The Group will focus on core products with significant clinical value and differentiation advantages, prioritize large species with high value, accelerate R&D and commercialization progresses and continuously optimize product portfolio structures.
- The Group will actively embrace artificial intelligence and digital technologies, explore their application across R&D, marketing and management functions so as to enhance operational efficiency and decision-making capabilities, and at the same time accelerate the construction of technological accumulation and innovation capacity to support the implementation of the Group's strategic initiatives.

SUMMARY OF PRODUCT PIPELINES

As of the date of this report, the Group has ten commercialized innovative drugs, over 60 product pipelines of innovative drugs, two new drug molecules under NDA approval[1], five new drug molecules at phase III clinical study stage[1] and 13 molecules entered early clinical stage. The forms of innovative drugs under development contain monoclonal antibodies, bispecific antibodies, PAb/TCE, fusion proteins, ADC and small molecule drugs. The extensive pipeline reserves have huge clinical and commercialization potential, which are expected to help more patients.

[1] Including products with commercial rights, namely Xianlinda, Zemprocitinib (JAK1) and Deulorlatinib (ALK/ROS1)


Territory
Product candidate (Target/Mechanism)
Pre-clinical
IND
Phase I
Phase II
Phase III
NDA/BLA
Anti-Oncology
Global
Endostar® New indication (Angiogenesis)
Thoracoabdominal effusions (COREMAP study)
China (commercialization right)
Enweida (恩维達®) New indication (PD-L1)
Advanced biliary tract cancer
Non-small cell lung cancer (perioperative)
TMB-H
Global
SIM0270 (SERD)
Breast cancer
China (commercialization right)
Denlorlatinib (ALK/ROS1)
Non-small cell lung cancer
Global
SIM0237 (PD-L1/IL15v bispecific antibody)
Non-muscle invasive bladder cancer
China
Enzeshu® New indication (VEGF)
Third-line refractory metastatic colorectal cancer
China (Option to license from AbbVie for rights outside Greater China)
SIM0500 (GPRC5D/BCMA/CD3 trispecific antibody)
Multiple myeloma (China and U.S.)
China
SIM0395 (PI3K/mTOR)
Glioblastoma
(GBM AGILE study)
Global
SIM0508 (Polθ)
Solid tumors (China and U.S.)
China (licensed-out to NextCure outside of China)
SIM0505 (CDH6 ADC)
Solid tumors (China and U.S.)
Global
SIM0686 (FGFR2b ADC)
Solid tumors (China and U.S.)
Global
SIM0609 (CDH17 ADC)
Solid tumors (China and U.S.)
Global
SIM0610 (EGFR/cMet ADC)
Solid tumors
Global
SIM0532 (PanRAS)
Solid tumors
China (licensed-out to Ipsen outside of China)
SIM0613 (LRRC15 ADC)
Solid tumors
Global
SIM0689 (PD-1/VEGF)
Solid tumors
China
SIM0323 (CD80/IL2)
Solid tumors
Global
SIM0688 (B7H3/cMet ADC)
Solid tumors
Global
SIM0518 (ALK)
Solid tumors
Global
SIM0616 (STEAP1/PSMA/CD3)
Solid tumors
Global
SIM0611 (EGFR/cMet ADC(NMTi))
Solid tumors
Neuroscience
Global
Sanbexin® injection New Indication (Free radicals and inflammatory cytokines)
ICH
Global
Sanbexin® sublingual tablets (Free radicals and inflammatory cytokines)
PSCI
AIS (U.S.)
Global
SIM0811 (PLG)
AIS, MI, etc.
Global
SIM0815
Alzheimer's disease
Autoimmune
China
Leruiping® (IL-4Rα)
AD
Asthma
China (commercialization right)
Zemprocitinib (JAK1)
RA
AS
China (licensed-out to Almirall outside of China)
SIM0278 (IL-2mu-Fc)
AD
LN
Alopecia areata (U.S.)
China (licensed-out to Boehringer Ingelheim outside of China)
SIM0709 (TL1A/IL23p19)
IBD
Global
SIM0712 (STAT6 PROTAC)
AD, COPD, Asthma, etc
Global
SIM0725 (CD122)
Vitiligo, AA, etc
Global
SIM0708 (IL-4Rα ADC)
AD, COPD, Asthma, etc
Global
SIM0721
LN、IgAN, etc
Global
SIM0722
AD, COPD, Asthma, etc
Anti-infective
China (commercialization right)
Xianlinda® (PA)
Influenza (adult/adolescent)
Influenza (child)
Post-exposure prevention of influenza type A and B (2 years old and above)
China (commercialization right)
Deuterated Remdesivir Hydrobromide Dry Suspension (RdRp)
Respiratory syncytial virus infection
Development status of the Group
Development status of partner(s)

MANAGEMENT DISCUSSION AND ANALYSIS

INNOVATIVE DRUGS AT THE COMMERCIALIZATION STAGE

During the reporting period and up to the date of this report, the Group has successfully expanded its commercialized portfolio of innovative drugs into ten: Endostar®, Iremod®, Sanbexin®, ENWEIDA®, COSELA®, XIANNUOXIN®, ENLITUO®, Sanbexin® sublingual tablets, QUVIVIQ® and ENZESHU®, spanning over multiple areas, including neuroscience, anti-oncology, autoimmune and anti-infection, which have significant market potentials and synergistic effects.

MILESTONES AND ACHIEVEMENTS DURING THE REPORTING PERIOD

Neuroscience Products

Sanbexin® (Edaravone and Dexborneol Concentrated Solution for Injection)

Sanbexin® is a category I innovative drug developed by the Group with proprietary intellectual property right used to treat acute ischemic stroke ("**AIS**"). Sanbexin® was approved for marketing in China in July 2020 and has been included in the NRDL since December 2020 and renewed its inclusion in the NRDL in November 2024.

For the year ended 31 December 2025, Sanbexin® Injection, accounting for approximately 31% of the market share in stroke injection, covered approximately 410,000 patients and over 6,500 medical institutions.

Data Release

- In May 2025, the 11th European Stroke Organisation Conference released several latest research findings on Edaravone Dexborneol. A recent real-world data study from Xuanwu Hospital, Capital Medical University, showed that in patients with large-area cerebral infarction AIS, Edaravone Dexborneol increased the possibility of achieving favorable functional outcomes at 90 days, suggesting improved functional independence with good safety in patients with large-area cerebral infarction AIS; another study confirmed the effectiveness of Edaravone Dexborneol in real-world patients with moderate-to-severe AIS, showing a higher proportion of favorable functional outcomes compared to untreated patients.
- In August 2025, the full report of a forward-looking, multicenter real-world cohort study (EXPAND Study) from Xuanwu Hospital, Capital Medical University, was published in Neurology. The study demonstrated that, compared to the non-exposed group, patients treated with Edaravone Dexborneol had a higher proportion of favorable functional outcomes at 90 days. The EXPAND Study completed the full evidence chain of Edaravone Dexborneol from randomized controlled trial to real-world application, providing strong support for multi-target cerebral cell protection in AIS treatment.

Sanbexin® sublingual tablets (Edaravone and Dexborneol sublingual tablets)

Sanbexin® sublingual tablets is a brain cytoprotective agent composed of edaravone and dexborneol, two active ingredients with synergistic anti-oxidant and anti-inflammatory effects, which can significantly reduce brain cell injury or impairment caused by AIS. Such unique sublingual tablets formulation can quickly disintegrate once in contact with the saliva under the tongue and can be absorbed into the blood through the sublingual venous plexus, increasing the flexibility of stroke treatment. Sanbexin® sublingual tablets can form a sequential therapy combined with Sanbexin® injection, enabling patients to receive a complete course of treatment in and outside of the hospital.

In December 2024, Sanbexin® sublingual tablets was approved for marketing in China, aiming at improving the neuro symptoms, the daily living abilities and dysfunction caused by AIS. In August 2024, Sanbexin® sublingual tablets was granted the "Breakthrough Therapy" designation by the FDA, which was the first innovative drug in the global stroke treatment sector receiving such designation and the first innovative drug in the Chinese neuroscience sector receiving such designation.

Data Release

- In May 2025, Peking Union Medical College Hospital's multi-center, randomized, double-blind and placebo-controlled TASTE-SVD study, which focuses on acute cerebral small vessel disease, premiered at the 11th European Stroke Organisation Conference (ESOC).

QUVIVIQ® (daridorexant hydrochloride tablets)

QUVIVIQ® is a dual orexin receptor antagonist ("**DORA**"). Unlike traditional sedative-hypnotic drugs that promote sleep by sedating the brain, QUVIVIQ® works by blocking the binding of wake-promoting orexin neuropeptides (orexin A and orexin B) to their receptors. As a result, QUVIVIQ® reduces wake drive and facilitates the onset of sleep, decreases wake time after sleep onset, and extends total sleep duration, without altering sleep architecture. Clinical study results have shown that QUVIVIQ® has a favorable safety and tolerability profile, with no evidence of rebound insomnia, withdrawal symptoms, or drug abuse. In addition to improving nighttime sleep in adults with insomnia disorder, QUVIVIQ® also enhances daytime functioning. It is the only DORA insomnia medication approved by the European Medicines Agency (EMA) for improving daytime functioning. The Guidelines for the Diagnosis and Treatment of Insomnia Disorders in China (2nd Edition), published in 2025, strongly recommend QUVIVIQ® with Grade A evidence. Previously, QUVIVIQ® has been approved for marketing in 38 countries including the United States, the United Kingdom, Switzerland, Canada, as well as in the Hong Kong SAR of China.

Registration Progress

- In June 2025, QUVIVIQ® was approved for marketing in China. QUVIVIQ® is for the treatment of adult patients with insomnia characterized by difficulties with sleep onset and/or sleep maintenance and QUVIVIQ® has not been designated as a controlled substance.

Data Release

- In January 2025, the Guidelines for the Diagnosis and Treatment of Insomnia Disorders in the PRC (2nd Edition), which was edited by the Chinese Sleep Research Society and published by the People's Medical Publishing House, strongly recommended Daridorexant with Grade A evidence. The guidelines recommended Daridorexant's efficacy in improving nighttime sleep and daytime functioning in adult insomnia patients, coupled with favorable safety and requiring no dosage adjustment for elderly patients.

- In September 2025, the 18th World Sleep Congress released multiple new research results on Daridorexant. A Swiss post-hoc analysis of a phase II study of Daridorexant demonstrated reduced wake time in patients with insomnia; another post-hoc analysis of a phase III study indicated that Daridorexant reduced wake time at night and sleepiness in the morning, improving sleep in perimenopause women with insomnia. A Swiss double-blind crossover study in patients with insomnia with nocturia showed that Daridorexant improved sleep, daytime function and nocturia symptoms in patients. A German real-world observational study reported sustained improvements in sleep parameters and health-related quality of life in patients after one year of Daridorexant treatment. An Italian two-year natural follow-up study showed significant therapeutic potential of Daridorexant in patients with insomnia.

Oncology Products

Endostar® (Recombinant Human Endostatin Injection)

Endostar® is the first anti-angiogenic targeted drug in China and the first endostatin approved for sale worldwide. Endostar® has been included in the NRDL since 2017 and is recommended as a first-line treatment for patients with advanced non-small cell lung cancer ("**NSCLC**") by a number of oncology clinical practice guidelines issued by the National Health Commission of the PRC ("**NHC**"), Chinese Medical Association (中華醫學會) and Chinese Society of Clinical Oncology ("**CSCO**"). Also, it has been included in the recommendations by various guidelines in relation to nasopharyngeal carcinoma, melanoma, esophageal carcinoma and osteosarcoma.

Registration Progress

- In February 2026, the NDA for the treatment of thoracoabdominal effusions has been accepted by the NMPA.

NRDL Coverage

- In December 2025, Endostar® was successfully transferred to the regular National Reimbursement Drug List (drugs not under negotiation within the agreement period).

Data Release

- In June 2025, the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting was held in Chicago. Two studies on Endostar® were selected for this meeting, with the following titles: (1) Sintilimab + Nab-PP Combined with Recombinant Human Vascular Endothelial Inhibitor for Locally Advanced/Advanced and Recurrent Metastatic Squamous Non-Small Cell Lung Cancer: Study Protocol for a Single-Arm, Multi-Centre Phase II Clinical Study; and (2) Real-world research on the effect and safety of gemcitabine combined with PD-1 inhibitors and recombinant human endostatin in refractory recurrent nasopharyngeal carcinoma.
- In December 2025, the European Society for Medical Oncology Immuno-Oncology (ESMO-IO) 2025 annual meeting was held in London, UK. One study on Endostar® was selected for this conference, with the following title: efficacy of chemotherapy in combination with recombinant human endostatin with or without immunotherapy in Tyrosine Kinase-inhibitor advanced non-small cell lung cancer.

ENWEIDA® (Envafolimab Injection)

ENWEIDA® is the world's first PD-(L)1 antibody to be administered by subcutaneous injection approved for marketing. Its unique method of injection differentiates itself from other PD-(L)1 products currently on the market, with the differentiation advantages of short administration time and good safety. In March 2020, the Group entered into a tripartite cooperation agreement in relation to ENWEIDA® with 3D (Beijing) Medicines Inc. (思路迪(北京)醫藥科技有限公司) and Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司). The above-mentioned agreement provides the Group with the exclusive right to promote ENWEIDA® for all oncology indications and the right of first refusal of external licensing or assignment in the Chinese mainland.

Registration Progress

- In January 2026, the NDA for the first-line treatment of unresectable or metastatic biliary tract cancer was accepted by the NMPA.

Clinical Development Milestones

- The Phase III clinical study of a new indication for ENWEIDA® in the perioperative setting of NSCLC is currently ongoing.

Data Release

- In January 2025, American Society of Clinical Oncology Gastrointestinal Cancers Symposium (ASCO GI) was held in San Francisco, California, United States. ENWEIDA® had two poster presentations selected for this conference, covering the latest applications of ENWEIDA® in gastric/gastroesophageal junction adenocarcinoma and pancreatic cancer.
- In May 2025, ENWEIDA® continued to be included in two key CSCO guidelines: CSCO Clinical Application Guidelines for Gastric Cancer 2025 (《2025 CSCO胃癌臨床應用指南》) (Level I) and CSCO Clinical Application Guidelines for Colorectal Cancer 2025 (《2025 CSCO結直腸癌臨床應用指南》) (Level II).
- In June 2025, the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting was held in Chicago. ENWEIDA® had 11 researches selected for this conference, covering aspects of non-small-cell lung cancer, small-cell lung cancer, pancreatic cancer, biliary tract cancer, cholangiocarcinoma, esophageal squamous cell carcinoma, osteosarcoma and soft tissue sarcoma.
- In September 2025, the European Society for Medical Oncology (ESMO) 2025 annual meeting was held in Berlin, Germany. Six studies on ENWEIDA® were selected for this conference, with the following titles: (1) Envafolimab and chidamide in combination with GEMOX as the first-line treatment for advanced and metastatic biliary tract cancer (B-Enefits/SCOG-B001): a single-arm, exploring and phase II clinical trial; (2) Envafolimab in combination with chemoradiation as neoadjuvant treatment for locally advanced rectal cancer: an exploring phase II study; (3) Envafolimab in combination with chemoradiation for locally advanced cervical cancer: a forward-looking, single-arm and phase II study; (4) Envafolimab in combination with chemoradiation for locally advanced nasopharyngeal carcinoma: a forward-looking, single-arm, phase II trial; (5) Envafolimab in combination with recombinant human endostatin and chemotherapy as the first-line treatment for metastatic pancreatic cancer: a single-arm, exploring and phase II clinical trial; (6) preliminary results of a randomized phase II trial evaluating Envafolimab, etoposide, and carboplatin with or without trilaciclib in ES-SCLC.

COSELA® (Trilaciclib Hydrochloride for Injection)

COSELA® is an effective, selective and reversiblecycl in-dependent kinases 4 and 6 (CDK4/6) inhibitor. COSELA® is the world's first-in-class comprehensive myeloprotection innovative drug that can de-administered prior to a chemotherapy. In August 2020, the Group entered into the exclusive license agreement with G1 Therapeutics, Inc. to develop and commercialize COSELA® in the Greater China region. In February 2021, COSELA® was approved for marketing by the FDA. In July 2022, the marketing of COSELA® in China has obtained the conditional approval by the NMPA. In April 2023, the Group has obtained full rights to the sales milestones of COSELA®. In December 2023, the localization application of COSELA® has been approved by the NMPA and it can be produced by the production enterprises of the Group in Haikou, Hainan Province, which further improved its accessibility to patients with cancer in China. Currently, the product has been recommended by the related key guidelines of National Comprehensive Cancer Network Guidelines (NCCN), CSCO and other organizations. In November 2024, COSELA® was successfully included in NRDL.

Data Release

- In May 2025, COSELA® continued to be included in CSCO Diagnosis and Treatment Guidelines for Small-Cell Lung Cancer 2025 (《2025 CSCO小細胞肺癌診療指南》) (Level I).
- In June 2025, the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting was held in Chicago. COSELA® had 4 researches selected for this conference, covering aspects of non-small-cell lung cancer, small-cell lung cancer, etc.
- In September 2025, the European Society for Medical Oncology (ESMO) 2025 annual meeting was held in Berlin, Germany. Three studies on COSELA® were selected for this conference, with the following titles: (1) myeloprotective effect of trilaciclib in adjuvant treatment for hormone receptor (HR) negative early breast cancer; (2) trilaciclib in combination with chemotherapy and anti-PD-1 antibody as neoadjuvant treatment for locally advanced triple-negative breast cancer: a single-arm, multicenter and phase II trial preliminary short-term efficacy and safety outcomes; (3) interim analysis results of a single-arm, multi-cohort and phase II clinical trial evaluating the myeloprotective effect of trilaciclib in adjuvant chemotherapy and first-line combination chemotherapy for gastric adenocarcinoma/gastroesophageal junction adenocarcinoma (GAC/GEJAC).

Clinical Development Milestones

- The phase III clinical study of new indications of COSELA® LS-SCLC is under the IND review stage.

ENLITUO® (Cetuximab Beta Injection)

ENLITUO® is a recombinant anti-epidermal growth factor receptor ("**EGFR**") chimeric monoclonal antibody for first-line treatment of RAS/BRAF wild-type metastatic colorectal cancer ("**mCRC**") in combination with FOLFIRI. ENLITUO® is prepared using a specific expression process, effectively avoiding glycosylation modification that may lead to hypersensitivity without black box warnings in the instruction. In June 2024, ENLITUO® was approved for marketing in China by the NMPA and is the first anti-EGFR monoclonal antibody innovative drug developed in China with independent intellectual property rights which has been approved by the NMPA for first-line treatment of mCRC. The successful launch of ENLITUO® will provide high quality and affordable biological targeted remedy for Chinese mCRC patients. In November 2024, ENLITUO® was successfully included in NRDL.

Data Release

- In April 2025, the 2025 CSCO Guideline Meeting was held in Jinan City. ENLITUO® was included in the recommendations of the CSCO Guidelines for Colorectal Cancer 2025 (《2025 CSCO結直腸癌指南》) for patients of first-line treatment with wild-type RAS and BRAF that are potentially resectable: Left-sided colorectal cancer – Cetuximab B and FOLFIRI (Level II); Right-sided colon cancer - Cetuximab B and FOLFIRI (Level III).
- In May 2025, research information from the ENLITUO® phase III registration clinical studies was published in Nature's journal Signal Transduction and Targeted Therapy (impact factor 40.8). Pivotal clinical information: PFS - the median PFS in the ENLITUO® combination group was 13.1 months, which was 3.5 months longer than that in the chemotherapy-only group; OS – the median OS in the ENLITUO® combination group was 28.3 months, which was significantly better than the 23.1 months of the chemotherapy group. The study results marked a major breakthrough in the treatment of metastatic colorectal cancer in China and filled the gap in domestically produced anti-EGFR monoclonal antibodies.

ENZESHU® (Suvemcitug for Injection)

ENZESHU® is a next-generation recombinant humanized anti-vascular endothelial growth factor ("**VEGF**") monoclonal antibody developed by the Group and Pyxis Oncology, Inc., and is the first domestic anti-angiogenic therapy for patients with platinum-resistant ovarian cancer.

By potently blocking the binding of VEGF to its receptor, ENZESHU® inhibits tumor angiogenesis, thereby achieving an anti-tumor effect. With a unique molecular design featuring a differentiated VEGF-binding epitope, ENZESHU® has demonstrated significantly greater inhibitory activity against the binding of VEGF to its receptor (VEGFR2) compared to bevacizumab, as well as stronger suppression of human vascular endothelial cell proliferation. Preclinical studies have shown that ENZESHU® exhibits enhanced biological activity and superior tumor-inhibitory effects relative to bevacizumab at the same dosage across multiple tumor models. The randomized double-blind placebo controlled registrational Phase III clinical trial of ENZESHU® (the SCORES study) demonstrated significant benefits in the primary endpoint and key secondary endpoint (OS), demonstrating statistically significant and clinically meaningful prolongations in PFS and OS.

Registration Progress

- On June 30, 2025, ENZESHU® was approved for marketing in China. It is indicated for the treatment of recurrent ovarian cancer, fallopian tube cancer, or primary peritoneal cancer in combination with paclitaxel, liposomal doxorubicin, or topotecan in adults who have received no more than one systemic therapy after platinum resistance.

NRDL Coverage

- In December 2025, ENZESHU® was successfully included in the 2025 Version of the NRDL. The NRDL (2025 Version) has officially come into effect as of January 1, 2026.

Milestone of Clinical Progress

- ENZESHU® initiated a Phase Ib/III clinical trial for a new indication in third-line refractory metastatic colorectal cancer.

Data Release

- In September 2025, the 28th Chinese Society of Clinical Oncology (CSCO) was held in Jinan City. One study on ENZESHU® was selected for this conference, with the following title: the randomized, double-blind and phase III SCORES study of Suvemcitug in combination with chemotherapy for the treatment of platinum-resistant recurrent epithelial ovarian, fallopian tube or primary peritoneal cancer: final sub-group analysis.
- In January 2026, the full data of the study of phase III clinical trial of suvemcitug (SCORES) was published in Nature Cancer under the leading academic journal Nature.

Autoimmune Products

Iremod® (Iguratimod Tablets)

Iremod® is the first Iguratimod pharmaceutical product approved for marketing in the world. Iremod® has been included in the NRDL since 2017. The indication is the active rheumatoid arthritis. Iremod® is recommended as the primary therapy drug for the treatment of active rheumatoid arthritis by a number of clinical practice guidelines and pathways issued by the NHC, Chinese Medical Association, Asia Pacific League of Associations for Rheumatology and Labor and Welfare of Japan. Since its launch in 2012, Iremod® has benefited millions of patients in China, which further consolidated its leading market position in the traditional DMARDs sector.

Data Release

- In June 2025, the 2025 European League Against Rheumatism (EULAR) Annual Meeting was held in Barcelona, Spain. Iremod® had one study selected for this conference, titled Efficacy and Safety of Tofacitinib Combined with Iguratimod in Patients with Rheumatoid Arthritis with Inadequate Response to csDMARDS.

Anti-infection Products

XIANNUOXIN® (Simnotrelvir Tablets/Ritonavir Tablets (co-packaged))

XIANNUOXIN® is the first domestic 3CL small molecule anti-SARS-CoV-2 innovative drug with independent intellectual property rights in China. On November 17, 2021, the Group entered into a technology transfer contract with Shanghai Institute of Materia Medica and Wuhan Institute of Virology, Chinese Academy of Sciences, pursuant to which, the Group obtained the development, production and commercialization rights on an exclusive basis of Simnotrelvir worldwide. In July 2024, XIANNUOXIN® has been reviewed and approved by the NMPA for conversions from conditional approval to regular approval, which became the first oral anti-SARS-CoV-2 innovative drug which has obtained regular approval in China.

Data Release

- In April 2025, a study in Antimicrobial agents and chemotherapy evaluated the efficacy of Simnotrelvir against various Omicron variants, reaffirming its potent in vitro inhibitory activity against virus replication, and also effectively suppressing some of the Nirmatrelvir variants. Clinical trials have demonstrated that the combination of Simnotrelvir and Ritonavir has significantly shortened the relief of SARS-CoV-2 patients, and that patients have not developed refractory mutation.
- In July 2025, a real-world study confirmed that while Simnotrelvir/Ritonavir was comparable to Nirmatrelvir/Ritonavir in reducing the cumulative risks such as 28-day compound disease progression, all-cause mortality and respiratory support in hospitalized patients with SARS-CoV-2 infections, Simnotrelvir/Ritonavir was more advantageous in improving clinical outcomes in hospitalized patients with SARS-CoV-2.

DRUG CANDIDATES AT THE NDA TRIAL STAGE

MILESTONES AND ACHIEVEMENTS DURING THE REPORTING PERIOD

Anti-infection Products

Xianlinda® (Deunoxavir Marboxil)[1]

Xianlinda® is an inhibitor for influenza polymerase acidic (PA) protein. Preclinical studies have shown that Deunoxavir Marboxil demonstrates several benefits, including the absence of central nervous system side effects, no effect of food intake on oral drug absorption and higher safety dose. The entire oral dose of Deunoxavir Marboxil is merely "one tablet" and is capable of stopping influenza virus replication in 24 hours, having a prospect of bringing great convenience to a large number of patients, including child patients.

Milestone of Clinical Progress

- In January 2025, the children's granules of Deunoxavir Marboxil phase III clinical study has completed the LPI.
- In February 2025, the children's granules of Deunoxavir Marboxil has obtained the IND Approval issued by the NMPA, which is intended for commencing the clinical trial for post-exposure prevention of influenza type A and B among population aged 2 years old and above.

Registration Progress

- In March 2025, the NDA of Deunoxavir Marboxil Tablets has been accepted by the NMPA, which can be used to treat uncomplicated influenza A and B in adults and adolescents.
- In September 2025, the NDA of Deunoxavir Marboxil Granules has been accepted by the NMPA, which can be used to treat uncomplicated influenza A and influenza B in 2 to 11-year-old pediatric patients.

[1] A product with commercial right

Autoimmune Products

Leruiping® (Rademikibart)[1]

Leruiping® is a fully human monoclonal antibody targeting IL-4Rα, a common subunit of IL-4 receptor and IL-13 receptor. By binding with IL-4Rα, Rademikibart can block the functions of IL-4 and IL-13 effectively, thereby blocking the Th2 inflammatory pathway, thus achieving the goal of treating Th2 related inflammatory diseases such as atopic dermatitis and asthma.

Registration Progress

- In July 2025, the NDA of Leruiping® has been accepted by the NMPA, which can be used to treat of atopic dermatitis in adults and adolescents.

Milestone of Clinical Progress

- In December 2025, the phase III clinical study of Rademikibart in asthma completed the LPI.

Data Release

- In March 2026, the Phase III clinical trial of Rademikibart for adults and adolescents with moderate-to-severe atopic dermatitis was selected for the Late-Breaking Abstract (LBA) session at the 84th American Academy of Dermatology Annual Meeting and presented as an oral presentation. The phase III clinical studies have shown that Rademikibart not only takes effect rapidly but also demonstrates more significant cumulative benefits following sustained treatment, indicating the potential for greater efficacy compared to similar products. In the 16th week, the response rates for EASI-75, EASI-90 and IGA 0/1 in the Rademikibart group reached 74.2%, 43.0% and 47.7%, respectively ($p < 0.0001$), indicating that patients achieved clear clinical benefits early in treatment; until the 52nd week, the response rates for EASI-75, EASI-90 and IGA 0/1 had risen to 96.6%, 85.3% and 87.1%, respectively, demonstrating a more pronounced advantage in achieving deep remission with continued treatment.

[1] In April 2026, as part of a strategic optimization of our overall commercialization deployment for the product, the Company voluntarily withdrew the NDA for Rademikibart and has planned to resubmit the NDA in April 2026.

DRUG CANDIDATES AT PHASE III TRIAL STAGE

Anti-oncology Products

SIM0270 (SERD)

SIM0270 is a new-generation oral SERD with blood-brain barrier penetration characteristics independently developed by the Group. SIM0270 was significantly more effective than fulvestrant a marketed intramuscular SERD product, in an in vivo model, comparable to the leading compound in the clinical trial phase, and reflected a brain-blood ratio significantly better than competitive compounds and showed a much better tumor inhibition effect than fulvestrant in the orthotropic model of breast cancer brain. It is expected to be used for the treatment of breast cancer with brain metastases.

Milestone of Clinical Progress

- SIM0270 in combination with everolimus compared the treatment selected by investigators, which is intended for ER+/HER2-locally advanced or metastatic breast cancer after treatment with a CDK4/6 inhibitor, where subjects in the clinical trial were randomized, open and under recruitment for phase III investigation.

Deulorlatinib (ALK/ROS1)[1]

Deulorlatinib is the latest generation of novel type 1 drug for the treatment of NSCLC driven by ALK/ROS1 positive fusion gene cooperated by the Group and Shenzhen TargetRx, Inc. (深圳市塔吉瑞生物醫藥有限公司), pursuant to which, the Group obtained the exclusive commercialization rights of the product in Chinese Mainland. Deulorlatinib has high blood-brain barrier permeability, and is effective for the treatment of NSCLC with brain metastasis.

Milestone of Clinical Progress

- The phase III clinical study of Deulorlatinib has completed the LPI.

[1] A product with commercial right

Zemprocitinib (JAK1)[1]

Zemprocitinib is a highly selective JAK1 inhibitor which has completed 3 phase II clinical studies for patients with rheumatoid arthritis (RA), ankylosing spondylitis (AS) and atopic dermatitis (AD), all of which have successfully met their corresponding primary and secondary endpoints. No related adverse effects of approved JAK1 inhibitors, such as major adverse cardiovascular events, blood clots, serious infection or formation of malignant tumors, were observed. In March 2022, the Group entered into a cooperation agreement with Lynk Pharmaceuticals Co., Ltd. (凌科藥業(杭州)有限公司) ("**Lynk Pharmaceuticals**"), pursuant to which, the Group obtained the exclusive commercialization interest of Zemprocitinib for rheumatoid arthritis and ankylosing spondylitis indications in China and be responsible for promotion after regulatory approval.

Milestone of Clinical Progress

- In March 2025, the phase III clinical study of the RA indication of Zemprocitinib has completed LPI.

Anti-infective Products

Deuterated Remdesivir Hydrobromide Dry Suspension (RdRp)

Deuterated Remdesivir Hydrobromide Dry Suspension is an oral nucleoside drug with broad-spectrum activity against RNA viruses, acting through the inhibition of viral RNA-dependent RNA polymerase (RdRp). The Phase II clinical trial in China evaluating Deuterated Remdesivir Hydrobromide Dry Suspension for the treatment of RSV infection in infants and young children aged 1–24 months (the "**Clinical Study**") has been completed. Clinical results demonstrated that the Deuterated Remdesivir Hydrobromide Dry Suspension formulation showed favorable antiviral efficacy against RSV as well as a good safety profile. Based on the positive results of the Clinical Study, the Deuterated Remdesivir Hydrobromide dry suspension has been granted Breakthrough Therapy drug designation by the CDE. In December 2025, the Group entered into a license agreement with Vigonvita Life Science Co., Ltd. ("**Vigonvita**") regarding new indications for Deuterated Remdesivir Hydrobromide Dry Suspension, pursuant to which the Group will obtain the exclusive rights for Deuterated Remdesivir Hydrobromide Dry Suspension in the Greater China region for the indications of anti-RSV infection and anti-human metapneumovirus (HMPV) infection.

Milestone of Clinical Progress

- In February 2026, Deuterated Remdesivir Hydrobromide Dry Suspension initiated the Phase III clinical trial for RSV infection.
- In March 2026, the above clinical trial completed the FPI.

[1] A product with commercial right.

DRUG CANDIDATES AT PHASE I/II TRIAL STAGE (SELECTED)

Anti-oncology Products

SIM0237 (PD-L1/IL15v bispecific antibody)

SIM0237 is an anti-PD-L1 monoclonal antibody fused with IL-15/IL15RXα sushi protein and developed in-house by utilizing the Group's protein engineering platform. It can block the PD1/PD-L1 immunosuppressive pathway via binding to PD-L1 and activate the immune system through its IL-15 part, thus playing a synergistic role of relieving immunosuppression and boosting the immune system to exhibit antitumor effect. Preclinical studies showed that SIM0237 is more effective than PD-L1 or IL-15 mono treatment in mouse tumor models, suggesting a high potential for clinical development.

Milestone of Clinical Progress

- Phase I/II clinical trial of SIM0237 mono treatment bladder installation for non-muscle invasive bladder cancer ("**NMIBC**") has positive initial clinical effect data and good safety.
- The CDE has approved the research of the usage of SIM0237 in combination with BCG in NMIBC, and has completed the FPI.

Data Release

- In March 2026, the SIM0237 phase I/II clinical study data for the treatment of Bacillus Calmette-Guérin ("**BCG**")-unresponsive high-risk NMIBC was presented at the European Association of Urology Annual Congress 2026 (EAU 2026). As of the data cut-off date (November 28, 2025), a total of 49 patients had received intravesical instillation of SIM0237 monotherapy. Among patients with carcinoma in situ (CIS) who had at least one post-baseline tumor assessment, 80% achieved the complete response (CR). Among patients with papillary-only disease, the 12-month disease-free survival (DFS) rate was 65.8%. Overall, the results demonstrate a promising clinical efficacy signal of SIM0237 in patients with BCG-unresponsive high-risk NMIBC. In terms of safety, intravesical administration of SIM0237 demonstrated favorable safety and tolerability, and serum sample analysis showed no detectable systemic exposure to the drug.

SIM0500 (humanized GPRC5D/BCMA/CD3 trispecific antibody)

SIM0500 is a humanized trispecific antibody that targets GPRC5D/BCMA/CD3, developed independently by the Group using T-cell engager poly-specific antibody technology platform. This molecule features a low affinity/high target-activating CD3 engaging arm and binding sites for the two tumor antigens: G-Protein-coupled receptor C class 5 member D (GPRC5D) and B-cell maturation antigen (BCMA). SIM0500 has shown strong T cell cytotoxicity against multiple myeloma (MM) cells by leveraging a combination of various antitumor effects.

Milestone of Clinical Progress

- In June 2025, the phase I clinical trial of SIM0500 completed the FIH in the United States.

Milestone of Strategic Cooperation

- In January 2025, the Group has entered into an option to license agreement with AbbVie, and AbbVie would have the option to license SIM0500, an IND candidate. The Group will receive an upfront payment from AbbVie, and is eligible to receive option fees and milestone payments of up to US$1.055 billion, as well as tiered royalties on net sales outside of the Greater China territory. AbbVie is eligible to receive tiered royalties on net sales in the Greater China territory.
- In December 2025, in addition to the upfront payment USD50 million, the Group has received a further payment of US$40 million from AbbVie.

SIM0395 (Paxalisib)

SIM0395 is a BBB-penetrant inhibitor of the PI3K/mTOR pathway. A phase II clinical study showed that Paxalisib has shown highly encouraging signals of clinical efficacy among glioblastoma patients with unmethylated MGMT promoter status. Paxalisib was awarded the GBM orphan drug certification by FDA in 2018 and the fast track certification by FDA, the rare childhood disease and orphan drug certification of diffuse intrinsic pontine glioma (DIPG) in 2020. In March 2021, the Group entered into an exclusive licensing agreement with Kazia to introduce the development and commercialization rights of SIM0395 for all indications in the Greater China region.

SIM0508 (Pol θ small molecule inhibitor)

Pol θ is a DNA polymerase, whose mediation of MMEJ repair pathway is one of the important approaches for repairing DNA double strand breaks.

Milestone of Clinical Progress

- In August 2025, the IND application of SIM0508, which was in combination with Olaparib to be used in locally advanced or metastatic solid tumors patients, was approved by the NMPA.
- The dose-expansion of SIM0508 tablets mono treatment has been completed, initiating the dose-expansion of the combined Olaparib proposal.

SIM0505 (CDH6-ADC)

CDH6, a Class II classical cadherin, is highly expressed in a variety of tumors but with very limited expression in normal tissues. SIM0505 is a CDH6-targeting ADC molecule developed by the Group, which consists of CDH6 monoclonal antibody specifically binding to tumor cells and the Group's proprietary camptothecin derivative toxin, conjugated by a linker. By combining the tumor-specific targeting antibody with the high-efficiency killing effect of toxin molecules, SIM0505 can specifically target tumor cells and reduce the toxic side effects compared to traditional chemotherapies. Such ADC is intended for the treatment of malignant tumors such as ovarian and renal cancer.

Milestone of Clinical Progress

- In February 2025, the phase I clinical trial of SIM0505 completed the FIH at the Fudan University Shanghai Cancer Center (復旦大學附屬腫瘤醫院).
- In October 2025, the phase I clinical trial of SIM0505 completed the FIH in the United States.
- In April 2026, SIM0505 received fast track certification granted by the FDA.

Milestone of Strategic Cooperation

- In June 2025, a subsidiary of the Company, Hainan Simcere Zaiming Pharmaceutical Co., Ltd. (海南先聲再明醫藥股份有限公司) ("**Simcere Zaiming**"), entered into a license agreement with NextCure: (i) NextCure obtains global rights (excluding the Greater China region) to SIM0505; (ii) NextCure is eligible to access Simcere Zaiming's proprietary TOPO isomerase I inhibitor ("**TOPOi**") payload for a NextCure novel target ADC in preclinical development; and (iii) Simcere Zaiming will have Greater China rights to the novel target ADC. The Group will receive related payments totaling up to USD745 million during the potential development phase, including an upfront payment, development and sales milestone payments, and will additionally receive tiered royalties of up to double-digit percentages based on net sales of the product outside Greater China.

SIM0686 (FGFR2b-ADC)

SIM0686 is an ADC drug targeting FGFR2b. Fibroblast growth factor receptor (FGFR) is a transmembrane tyrosine kinase receptor of fibroblast growth factor (FGF). At present, there are four known subtypes, namely FGFR1, FGFR2, FGFR3 and FGFR4. Such ADC is intended to be developed for the treatment of advanced malignant tumors like gastric cancer and lung cancer.

Milestone of Clinical Progress

- In April 2025, the IND application for SIM0686 was approved by the NMPA, which was intended for commencing the clinical trial for advanced solid tumors.
- In May 2025, the FIH for the aforementioned clinical trial was completed.
- In July 2025, the IND for SIM0686 was approved by the FDA.

SIM0609 (CDH17-ADC)

SIM0609 is a new antibody-drug conjugate targeting CDH17. It comprises a humanized monoclonal antibody conjugated via the Group's proprietary new water-soluble cleavable linker to a new Topoisomerase I (TOP-I) inhibitor independently developed by the Group. CDH17 is highly expressed in various cancers, including gastric cancer, colorectal cancer, pancreatic cancer, and ovarian cancer, demonstrating potential as a therapeutic target for advanced solid tumors, particularly gastrointestinal tumors.

Milestone of Clinical Progress

- In September 2025, the IND application of SIM0609 has been approved by the NMPA and FDA.
- In November 2025, the FIH for the aforementioned clinical trial was completed.

SIM0610 (EGFR/cMET BsADC)

SIM0610 is a Bispecific Antibody-Drug Conjugate that simultaneously targets epidermal growth factor receptor ("**EGFR**") and mesenchymal-epithelial transition factor ("**cMET**"), and induces tumor cell apoptosis through intracellular release of a TOP1i. EGFR and cMET are aberrantly activated in multiple solid tumors, including non-small cell lung cancer, and activation of the cMET pathway is one of the key mechanisms underlying resistance to EGFR tyrosine kinase inhibitors (EGFR-TKIs). Through dual-target synergistic activity, SIM0610 has the potential to enhance anti-tumor efficacy and overcome drug resistance. Preclinical studies have demonstrated that SIM0610 exhibits significant anti-tumor activity across multiple tumor models.

Milestone of Clinical Progress

- In December 2025, the IND for SIM0610 was approved by the NMPA.
- In January 2026, the above clinical trial completed the FIH.

Autoimmune Products

SIM0278 (IL2muFc)

SIM0278 is an Fc fusion protein (IL2muFc) with an IL2 mutein of Regulatory T cells ("**Treg**"), developed based on the Group's protein engineering technology platform. By introducing the mutation, the affinity of SIM0278 to effector T cells is reduced, while the high affinity of Treg cells is retained and then the selectivity of Treg cells is improved. In September 2022, the Group entered into a licensing agreement with Almirall S.A. ("**Almirall**"), which is an international biopharmaceutical company, where the Group grants Almirall an exclusive rights and interests in the development and commercialization of SIM0278 outside Greater China, and retains all rights and interests in the Greater China region.

Milestone of Clinical Progress

- In October 2025, phase II clinical study of SIM0278 commenced in China, and the FPI for the study was completed, which is used for the treatment of moderate-to-severe atopic dermatitis.
- In February 2026, Almirall initiated a phase II clinical study of SIM0278 in the United States and has completed the FPI, which is for the treatment of alopecia areata.

Neuroscience Products

SIM0811 (PLG)

SIM0811 is a new-generation small-molecule plasminogen allosteric activator with a dual mechanism of action that combines thrombolytic and anti-inflammatory effects. On the one hand, it modulates the conformation of plasminogen (PLG) to enhance the efficiency of endogenous tissue plasminogen activator (tPA), thereby accelerating thrombus dissolution. On the other hand, by inhibiting soluble epoxide hydrolase, SIM0811 exerts anti-inflammatory and antioxidant effects at the thrombus site, reducing reperfusion-induced inflammation and vascular endothelial cell damage. This dual action may further minimize bleeding risks and provide potential neuroprotective benefits. In preclinical studies, SIM0811 demonstrated superior thrombolytic efficacy and antioxidant activity compared with other investigational molecules of the same class. While traditional thrombolytic therapies such as tPA are limited by a narrow treatment window of approximately 4.5 hours, SIM0811 is expected to extend the therapeutic window to up to 24 hours, potentially benefiting a broader population of patients with acute ischemic stroke.

Milestone of Clinical Progress

- In December 2025, the IND application of SIM0811 has been approved by the NMPA.
- In January 2026, the FIH for the aforementioned clinical trial was completed.

IND PHASE/PRE-CLINICAL DRUG CANDITATES (SELECTED)

Anti-oncology Products

SIM0613 (LRRC15 ADC)

SIM0613 is a new ADC that targets the leucine-rich repeat-containing 15 (LRRC15), a protein highly expressed on various tumor types and cancer-associated fibroblasts (CAF) but with limited expression on normal cells. Upon binding to the LRRC15 protein, SIM0613 is internalized where the cytotoxic payload is released, killing the cancer cell and therefore sparing healthy cells. SIM0613 is specifically engineered for deep tumor and cancer-associated fibroblast penetration, resulting in robust tumor regressions in multiple in vivo preclinical models.

Milestone of Strategic Cooperation

- In December 2025, a subsidiary of the Company, Jiangsu Simcere Zaiming Pharmaceutical Co., Ltd. (江蘇先聲再明醫藥有限公司) ("**Jiangsu Zaiming**"), entered into an exclusive licensing agreement with Ipsen Pharma SAS. ("**Ipsen**"), where Ipsen would have the exclusive global rights, outside of Greater China, for development, manufacturing and commercialization of SIM0613, a LRRC15-targeting antibody-drug conjugate ("**ADC**") developed by Jiangsu Zaiming. The Group is eligible to receive up to US$1,060 million comprising a US$45 million upfront payment, and development, regulatory and commercial milestone payments. The Group is also eligible for tiered royalties on sales.

Milestone of Clinical Progress

- In February 2026, the IND application of SIM0613 has been submitted.

SIM0532 (Pan-RAS)

SIM0532 is an oral, non-covalent pan-RAS inhibitor that first forms a non-covalent bond with the intracellular chaperone protein Cyclophilin A (CypA), then binding to the activated form of RAS (RAS (ON)) to form a ternary complex, thereby blocking the binding of RAS to effector molecules (such as c-RAF). It broadly and potently inhibits both wild-type and mutant type RAS signaling pathways, thus effectively killing RAS-dependent tumor cells. Preclinical data indicated that SIM0532 exhibits strong cytotoxic activity in vitro against tumor cells with RAS gene mutations and KRAS wild-type amplification. In preclinical CDX mouse models of RAS-mutated NSCLC, pancreatic adenocarcinoma and CRC, SIM0532 demonstrated superior efficacy compared to competitive products at equivalent doses. The mechanism of action and preclinical data for SIM0532 support its potential as an effective anti-tumor drug.

Milestone of Clinical Progress

- In March 2026, the IND application of SIM0532 has been approved by the NMPA.

Autoimmune Products

SIM0709 (TL1A/IL-23p19)

SIM0709 is a long-acting humanized bispecific antibody independently developed by the Group using proprietary multi-specific antibody platform. By simultaneously targeting tumor necrosis factor ligand superfamily member 15 (TL1A) and interleukin-23 (IL-23), SIM0709 blocks two core pathways involved in the onset and progression of IBD. In both in vitro primary cell studies and in vivo animal studies, SIM0709 demonstrated superior synergistic efficacy, even outperforming the combination of the two corresponding monotherapies.

Milestone of Strategic Cooperation

- In January 2026, a subsidiary of the Company, Jiangsu Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) ("**Jiangsu Simcere**"), entered into an exclusive licensing agreement with Boehringer Ingelheim: Boehringer Ingelheim would have the exclusive global rights, outside of Greater China, of SIM0709, a TL1A/IL-23p19 bispecific antibody for inflammatory bowel disease. The Group is eligible to receive an upfront payment of EUR42 million as well as success-based development, regulatory and sales milestones of up to EUR1,016 million. The Group is also eligible for tiered royalties on net sales outside Greater China.

FINANCIAL REVIEW

REVENUE

For the year ended December 31, 2025, the Group recorded revenue of RMB7,731 million, representing an increase of 16.5% as compared to RMB6,635 million for 2024, which was mainly attributable to the increase in revenue from innovative drugs and license income.

Revenue of the Group was mainly derived from the therapeutic areas where its businesses are focused. Of which, revenue from the field of neuroscience was RMB2,753 million, accounting for 35.6% of the total revenue and representing an increase of 26.6% as compared to RMB2,174 million for 2024. Revenue from the field of autoimmune was RMB1,892 million, accounting for 24.5% of the total revenue and representing an increase of 4.5% as compared to RMB1,811 million for 2024. Revenue from the field of anti-oncology was RMB1,987 million, accounting for 25.7% of the total revenue and representing an increase of 53.1% as compared to RMB1,298 million for 2024. Revenue from other fields was RMB1,099 million, accounting for 14.2% of the total revenue and representing a decrease of 18.7% as compared to RMB1,352 million for 2024.

THE EXPENDITURE ON RESEARCH AND DEVELOPMENT ACTIVITIES

The increase in the expenditure on research and development activities of the Group was mainly attributable to the Group's continuous investment in the research and development of innovative drugs, which led to the increase in research and development costs and the addition of intangible assets with in-licensed rights.

- For the year ended December 31, 2025, the total expenditure on research and development activities of the Group amounted to RMB2,076 million, representing an increase of 35.6% as compared to RMB1,530 million for 2024. The expenditure on research and development activities accounted for 26.8% of the revenue, representing an increase of 3.7 percentage points as compared to 23.1% for 2024.
- For the year ended December 31, 2025, the research and development costs amounted to RMB1,563 million, representing an increase of 10.3% as compared to RMB1,417 million for 2024. The research and development costs accounted for 20.2% of the revenue, representing a decrease of 1.2 percentage points as compared to 21.4% for 2024.
- For the year ended December 31, 2025, the addition of intangible assets with in-licensed rights amounted to RMB513 million, representing an increase of 353.3% as compared to RMB113 million for 2024. The addition of intangible assets with in-licensed rights accounted for 6.6% of the revenue, representing an increase of 4.9 percentage points as compared to 1.7% for 2024.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The Group recorded a profit attributable to equity shareholders of the Company of RMB1,344 million for the year ended December 31, 2025, representing an increase of RMB622 million or 86.2% as compared to RMB722 million for 2024. The increase in profit attributable to equity shareholders of the Company was mainly due to the increase in revenue from innovative drugs, license income and net gains from the fair value of the investment portfolio held by the Group.

NON-HKFRS MEASURE – ADJUSTED PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

To supplement the financial information presented in accordance with HKFRS Accounting Standards, the Group also uses adjusted profit attributable to equity shareholders of the Company as a non-HKFRS measure. Such measure is unaudited in nature and is not required by, or presented in accordance with HKFRS Accounting Standards. The Group defines adjusted profit attributable to equity shareholders of the Company as profit attributable to equity shareholders of the Company after adjusting the following items: (i) net realized and unrealized gain/loss on financial assets at fair value through profit or loss; (ii) net realized and unrealized gain on associates at fair value through profit or loss; (iii) interest expenses arising from redemption liability; and (iv) income tax effect related to the above items. The Group is of the view that the Group's management and investors may benefit from referring to such measure in assessing the financial performance of the Group's core businesses by eliminating the impacts of certain non-recurring, non-cash and/or non-operating items. However, the presentation of adjusted profit attributable to equity shareholders of the Company may not be comparable to similarly titled measures presented by other companies as it does not have a standardized meaning. The application of the non-HKFRS measure has limitations as an analytical tool, and the Shareholders and investors should not consider it in isolation from, or as substitute for analysis of, the results of operations or financial condition of the Group as reported under HKFRS Accounting Standards.

For the year ended December 31, 2025, the adjusted profit attributable to equity shareholders of the Company amounted to RMB1,280 million, representing an increase of RMB273 million or 27.1% as compared to RMB1,007 million for 2024. The significant increase in adjusted profit attributable to equity shareholders of the Company is mainly attributable to the increase in gross profit as a result of the increase in the share of revenue from the Company's innovative drugs.

The following table presents the Group's adjusted profit attributable to equity shareholders of the Company and the most directly comparable financial measure calculated and presented in accordance with HKFRS Accounting Standards, which is profit attributable to equity shareholders of the Company:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
		(restated)
Profit attributable to equity shareholders of the Company	**1,344,008**	722,002
Add/(less):		
Net realized and unrealized (gains)/losses on financial assets at fair value through profit or loss[1]	**(132,191)**	266,249
Net realized and unrealized gains on associates at fair value through profit or loss	**(4,893)**	–
Interest expenses arising from redemption liability[2]	**74,545**	38,772
Effect of corresponding income tax	**(1,666)**	(19,967)
Adjusted profit attributable to equity shareholders of the Company	**1,279,803**	1,007,056

Notes:

(1) Net realized and unrealized (gains)/losses on financial assets at fair value through profit or loss arises from the remeasurement of the Group's investments in certain private companies and investment funds, listed equity securities, structured deposits and wealth management products at fair value.

(2) Interest expenses arising from redemption liability represent the change in the carrying amount of the financial liability issued in connection with the capital contributions in Simcere Zaiming (as defined below).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position. For the year ended December 31, 2025, the net cash generated from operating activities was RMB2,014 million, while the net cash generated from operating activities for the last year was RMB1,391 million. Such change was mainly due to the increase in license income for the Group in 2025. As of December 31, 2025, the Group had cash and cash equivalents of RMB3,512 million (as of December 31, 2024: RMB1,953 million), time deposits of RMB814 million (as of December 31, 2024: RMB508 million). As of December 31, 2025, the Group had a balance of bank loans of RMB1,060 million (as of December 31, 2024: RMB1,059 million), of which RMB1,052 million (as of December 31, 2024: RMB1,051 million) would mature within one year. As of December 31, 2025, RMB1,060 million of the Group's bank loan balances bore interest at fixed rates, and the effective interest rate range for these loans was 0.50% to 1.05% per annum.

As of December 31, 2025, the current ratio (calculated by total current assets divided by current liabilities) of the Group was 220.9% (as of December 31, 2024: 201.3%), while the gearing ratio (calculated by total liabilities divided by total assets) was 36.1% (as at December 31, 2024: 38.5%).

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund the working capital and other capital requirements from a combination of various sources, including but not limited to external financing at reasonable market rates. In order to better control and minimize the cost of funds, the treasury management activities of the Group are managed on a centralized basis.

The assets and liabilities of the Group were denominated in RMB, USD, GBP and HKD. During the Reporting Period, the Group did not employ financial derivatives or enter into foreign derivative contracts to hedge against foreign exchange risk. However, the Group manages the foreign exchange risks by closely monitoring the net exposure of foreign exchange risk to minimize the impact of foreign exchange fluctuations.

PLEDGE OF GROUP'S ASSETS

As at December 31, 2025, the Group pledged bills receivable of RMB35 million for issuance of bank acceptance bills and pledged bank deposits of RMB23 million for issuance of letter of guarantee. As at December 31, 2025, land use rights with net book value of RMB108 million was pledged as security for banking facilities, which were not used as of the date of this report. Save as disclosed above, as at December 31, 2025, none of the Group's assets were pledged.

CONTINGENT LIABILITIES

As of December 31, 2025, a subsidiary of the Group had an outstanding contract dispute with a third party, which made an indemnity claim of approximately RMB25 million against the Group. The result of this dispute was yet to be finalised. Based on the legal advice and available evidences, the directors consider it unlikely that the outcome will be unfavorable to them. No provision has therefore been made in respect of this dispute.

Save as disclosed above, as at December 31, 2025, the Group did not have contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not have any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraph numbered "9. Use of Proceeds from the Listing" under the section headed "Other Information" in this report, as at December 31, 2025, the Group did not have any other future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

On August 26, 2025, Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) ("**Hainan Simcere**", an indirectly wholly-owned subsidiary of the Company) entered into a transfer agreement with Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司) ("**Beijing Sanroad**"), pursuant to which, Hainan Simcere has agreed to acquire, and Beijing Sanroad has agreed to sell (i) the entire assets of Sanroad Shanghai, a branch of Beijing Sanroad established on May 22, 2025, for a cash consideration of RMB17,522,600; and (ii) the entire equity interest in Xianwei (Hainan) Biotechnology Co., Ltd. (先為(海南)生物科技有限公司) ("**Xianwei**") for a cash consideration of RMB65,661,200 (the "**Acquisitions**"). The aggregated consideration under the transfer agreement is RMB83,183,800. The Acquisitions were completed on October 28, 2025. Upon completion of the Acquisitions, Xianwei has become an indirectly wholly-owned subsidiary of the Company and the financial results of Xianwei have been consolidated into the financial statements of the Group. For details, please refer to the announcements of the Company dated August 26, 2025 and September 18, 2025.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures for the year ended December 31, 2025.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2025, the Group had a total of 7,038 full-time employees. The Group attached great importance to the recruitment, training and retention of outstanding employees, maintained a high standard in selecting and recruiting talents worldwide, and offered competitive compensation packages. The remuneration of employees mainly included basic salary, performance-based bonus and long-term incentives. Remuneration of the full-time Directors and senior management of the Company shall be determined by the Remuneration and Appraisal Committee under the Board with reference to the principal duties of relevant managerial positions, the results of performance assessment, as well as the remuneration level in the market. For the year ended December 31, 2025, staff costs of the Group (including emoluments, social insurance and other benefits of the Directors) amounted to RMB2,336 million. The Group established Simcere Institute, providing employees with training on a regular basis, including orientation programs and technical training for new employees, professional and management training for middle and senior management, and health and safety training across all staff. In addition, the Group has also adopted a restricted share unit scheme on May 20, 2021 (the "**2021 RSU Scheme**"), with an aim to (1) incentivise the existing and incoming directors, senior management and employees for their contribution to the Group; and (2) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

During the Reporting Period, the Board (1) resolved on March 25, 2025 to grant an aggregate of 1,777,000 restricted share units ("**RSU(s)**"), representing 1,777,000 underlying Shares, to an aggregate of 45 eligible participants under the 2021 RSU Scheme at nil consideration; (2) resolved on August 22, 2025 to grant an aggregate of 675,000 RSUs, representing 675,000 underlying Shares, to an aggregate of 6 eligible participants under the 2021 RSU Scheme at nil consideration; (3) resolved on December 1, 2025 to grant an aggregate of 15,408,100 RSUs, representing 15,408,100 underlying Shares, to an aggregate of 97 eligible participants under the 2021 RSU Scheme at nil consideration. For details of those grants, please refer to the announcements of the Company dated March 25, 2025, August 22, 2025 and December 1, 2025. The number of Shares available for grant under the scheme mandate limit of the 2021 RSU Scheme was 242,312,421 as of December 31, 2025.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Group operates only defined contribution pension plans. Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plan administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds, which are calculated on certain percentages of the average employee salary as agreed by the local municipal government, to the plan to fund the retirement benefits of the employees.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

The board (the "**Board**") of directors (the "**Directors**", and each a "**Director**") of the Company is pleased to submit this report and audited consolidated financial statements of the Group for the year ended December 31, 2025 (the "**Reporting Period**").

GENERAL INFORMATION

The Company was incorporated in Hong Kong on November 30, 2015. The shares of the Company (the "**Share(s)**") were listed on the Main Board of the Stock Exchange on October 27, 2020.

PRINCIPAL BUSINESS

The Company is an investment holding company. The Group primarily engages in the R&D, production and commercialization of pharmaceuticals. The Group has a diversified product portfolio in its strategically-focused therapeutic areas, including (i) neuroscience, (ii) anti-oncology, (iii) autoimmune and (iv) anti-infection, with leading positions in their respective therapeutic segments and/or established track record.

Operating segment information of the Company for the year ended December 31, 2025 is presented in Note 4 to the consolidated financial statements, and a list of principal subsidiaries of the Company, together with the details of their places of incorporation and business, principal activities and issued and paid-in capital, is set out in Note 15 to the consolidated financial statements. There are no changes in the principal business of the Group during the year.

RESULTS AND DIVIDENDS

The operating results of the Group for the year ended December 31, 2025 and the financial positions of the Group and the Company as of the same date are set out on pages 117 to 120 of the consolidated financial statements and pages 238 to 239 of the company-level statement of financial position.

On March 25, 2026, the Board declared the payment of final dividend of RMB0.18 per Share for the year ended December 31, 2025 to shareholders of the Company (the "**Shareholder(s)**") whose names are on the register of members of the Company on Wednesday, June 24, 2026. Based on the total number of shares of the Company (the "**Share(s)**") in issue as of the date of this report, the total final dividend to be paid by the Company amounts to approximately RMB467,225,571.24. For details, please refer to Note 36 to the consolidated financial statements. The proposed final dividend will be subject to the approval by the Shareholders at the annual general meeting of the Company (the "**AGM**") to be held on Friday, June 12, 2026 and is expected to be distributed to Shareholders on or before Monday, July 13, 2026.

DIVIDEND POLICY

For the details of the dividend policy of the Company, please refer to the "Corporate Governance Report – Dividend Policy" on page 93 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group including an indication of likely future developments of the Group's business and an analysis of the Group's performance using financial key performance indicators during the year ended December 31, 2025 are provided in the sections headed "Financial Highlights", "Company Overview", "Chairman's Statement" and "Management Discussion and Analysis" on pages 4, 5, 6 and 7 of this annual report, which form part of this report.

FINANCIAL SUMMARY

According to the audited consolidated financial statements, a summary of results, assets and liabilities of the Group for the past five fiscal years is presented on page 242 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUBSIDIARIES

Simnogen Biotech Ltd. (南京先合津生物科技有限公司) ("**Simnogen Biotech**"), a limited liability company established and operated in the PRC, is held as to 51% by the Group, the financial statements of which, however, are not consolidated into that of the Group as the Group does not control its board of directors. Therefore, Simnogen Biotech is a subsidiary of the Company by virtue of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Jiangsu Xinhaikang Pharmaceutical Co., Ltd. (江蘇新海康製藥有限公司) ("**Xinhaikang**"), a limited liability company established and operated in the PRC, is held as to 70% by the Group, the financial statements of which, however, are not consolidated into that of the Group as the Group does not control Xinhaikang. Therefore, Xinhaikang is a subsidiary of the Company by virtue of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

In addition, Simcere Zaiming Pharmaceutical Co., Ltd. (先聲再明醫藥股份有限公司) ("**Simcere Zaiming**"), a joint stock company with limited liability established and operated in the PRC and held as to 83.1% by the Group, submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in its H Shares on the Main Board of the Stock Exchange on January 9, 2026. Upon completion of such proposed listing, the Company is expected to have an interest of over 50% in Simcere Zaiming, and Simcere Zaiming will remain as a subsidiary of the Company and the financial statements of which will continue to be consolidated into that of the Group.

Save as disclosed herein, particulars of the Company's subsidiaries are set out in Note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the property, plant and equipment of the Group during the year are set out in Note 12 to the consolidated financial statements.

SHARE CAPITAL

The Company had 2,595,697,618 ordinary Shares in issue as of December 31, 2025. Details of the movements in the share capital of the Company for the year ended December 31, 2025 are set out in Note 36 to the consolidated financial statements.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the initial public offering of the Shares in October 2020 and allotment and issuance of the Shares pursuant to the partial exercise of the over-allotment option in November 2020 (the "**Net Proceeds from the Listing**"), amounted to approximately HK$3,513.09 million in aggregate. The proposed use of the Net Proceeds from the Listing was disclosed in the prospectus of the Company dated October 13, 2020 (the "**Prospectus**").

The following table sets out the utilization of the Net Proceeds from the Listing as of December 31, 2025 and the expected timeline for utilization:

Purpose	Percentage of the total amount	Actual amount of the Net Proceeds from the Listing (HK$ in million)	Accumulated amount of the Net Proceeds from the Listing utilized during the year ended December 31, 2025 (HK$ in million)	Accumulated amount of the Net Proceeds from the Listing utilized as of December 31, 2025 (HK$ in million)	Amount of the Net Proceeds from the Listing unutilized as of December 31, 2025 (HK$ in million)	Expected timeline for utilization
Continuous research and development of the Group's selected product candidates in its strategically focused therapeutic areas	60%	2,107.85	317.61	2,036.79	71.06	The actual Net Proceeds from the Listing are expected to be fully utilized by 2027.
Reinforcement of the Group's sales and marketing capabilities	10%	351.31	–	351.31	–	The actual Net Proceeds from the Listing have been fully utilized.
Investment in companies in the pharmaceutical or biotechnology sector	10%	351.31	–	351.31	–	The actual Net Proceeds from the Listing have been fully utilized.
Repayment of certain of the Group's outstanding bank loans	10%	351.31	–	351.31	–	The actual Net Proceeds from the Listing have been fully utilized.
Working capital and other general corporate purposes	10%	351.31	–	351.31	–	The actual Net Proceeds from the Listing have been fully utilized.
Total	**100%**	**3,513.09**	**317.61**	**3,442.03**	**71.06**	

For more details, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the Prospectus and the announcements of the Company dated April 15, 2021, August 31, 2022 and December 23, 2024 in relation to the change in use of Net Proceeds from the Listing (the "**Announcements**").

As of December 31, 2025, the Net Proceeds from the Listing utilized was approximately HK$3,442.03 million and the Net Proceeds from the Listing unutilized was approximately HK$71.06 million. The Company intends to apply the unutilized Net Proceeds from the Listing as of December 31, 2025 in the manner and proportion set out in the Prospectus and the Announcements.

USE OF PROCEEDS FROM THE PLACING

During the Reporting Period, to strengthen the financial position of the Group and provide working capital to the Group, the Company completed the placing of 121,000,000 new ordinary Shares (the "**Placing Shares**") with no nominal value under the general mandate in September 2025 (the "**Placing**").

The Placing Shares were placed to more than six placees, all of whom are renowned professional or institutional investors and who and whose respective ultimate beneficial owners are independent third parties not connected with the Company and its connected persons. The placing price was HK$12.95 per Share. The market price of the Shares as quoted on the Stock Exchange on September 2, 2025, being the date on which the terms of the Placing were fixed, was HK$13.01 per Share. The net price to the Company per Placing Share was approximately HK$12.84. The gross proceeds and net proceeds (after deducting all applicable costs and expenses) from the Placing (the "**Net Proceeds from the Placing**") amounted to approximately HK$1,567.0 million and HK$1,553.5 million, respectively. The proposed use of the Net Proceeds from the Placing was disclosed in the announcements of the Company dated September 2, 2025 and September 10, 2025 (the "**Placing Announcements**").

The following table sets out the utilization of the Net Proceeds from the Placing as of December 31, 2025 and the expected timeline for utilization:

Purpose	Percentage of the total amount	Actual amount of the Net Proceeds from the Placing (HK$ in million)	Accumulated amount of the Net Proceeds from the Placing utilized during the year ended December 31, 2025 (HK$ in million)	Accumulated amount of the Net Proceeds from the Placing utilized as of December 31, 2025 (HK$ in million)	Amount of the Net Proceeds from the Placing unutilized as of December 31, 2025 (HK$ in million)	Expected timeline for utilization
R&D-related expenditures	90%	1,398.15	60.55	60.55	1,337.60	The actual Net Proceeds from the Placing are expected to be fully utilized by 2028.
Working capital and other general corporate purposes	10%	155.35	-	-	155.35	The actual Net Proceeds from the Placing are expected to be fully utilized by 2027.
Total	**100%**	**1,553.5**	**60.55**	**60.55**	**1,492.95**	

As of December 31, 2025, the Net Proceeds from the Placing utilized was approximately HK$60.55 million and the Net Proceeds from the Placing unutilized was approximately HK$1,492.95 million. The Company intends to apply the unutilized Net Proceeds from the Placing as of December 31, 2025 in the manner and proportion set out in the Placing Announcements. For more details, please refer to the Placing Announcements.

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

The Directors have been granted (i) a general mandate by the Shareholders at the annual general meeting of the Company held on June 14, 2024 (the "**2023 AGM**") to repurchase up to 260,976,161 Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), representing 10% of the total number of issued Shares as of the date of the 2023 AGM; and (ii) a general mandate by the Shareholders at the annual general meeting of the Company held on June 13, 2025 (the "**2024 AGM**") to repurchase up to 247,469,761 Shares on the Stock Exchange, representing 10% of the total number of issued Shares as of the date of the 2024 AGM (the "**Repurchase Mandates**"). During the Reporting Period, the Company repurchased a total of 11,623,000 Shares (the "**Repurchased Shares**") on the Stock Exchange pursuant to the Repurchase Mandates at a total consideration (excluding expenses) of HK$80,369,080 (the "**Share Repurchase**"), which was funded by internal resources of the Company. As of the date of this report, all the Repurchased Shares during the Reporting Period were cancelled. Details of the Shares repurchased by the Company during the Reporting Period are as follows:

Month of Share Repurchase	Total number of Shares repurchased	The highest purchase price per Share (HK$)	The lowest purchase price per Share (HK$)	Total consideration (excluding expense) (HK$)
January 2025	8,336,000	6.93	6.34	55,107,010
April 2025	3,287,000	7.97	7.30	25,262,070
Total	**11,623,000**			**80,369,080**

The Share Repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the Repurchased Shares of HK$80,369,080 was paid wholly out of retained profits of the Company.

The Board believes that the Share Repurchase demonstrates the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value for the Shareholders. In addition, the Board believes that the current financial resources of the Company enable it to implement the Share Repurchase while maintaining a solid financial position.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold any treasury shares during the Reporting Period and as of December 31, 2025.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2025.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 36 to the consolidated financial statements, respectively.

RESERVES AVAILABLE FOR DISTRIBUTION

The Company's reserves available for distribution to the Shareholders as at December 31, 2025 amounted to RMB186,093,000 (2024: RMB3,575,000).

MAJOR CUSTOMERS AND SUPPLIERS

The Company's customers primarily consist of (i) distributors and pharmacy chains which directly purchase pharmaceutical products from the Company; (ii) other pharmaceutical manufacturers to which the Company provides promotion services; and (iii) biotechnology company which the Company provides research services. The Company's suppliers primarily include (i) suppliers for the raw materials of the Group's pharmaceutical products; and (ii) manufacturers of third-party pharmaceutical products.

For the year ended December 31, 2025, revenue from the five largest customers of the Group accounted for 15.0% of its total revenue, and revenue from the largest customer of the Group accounted for 4.1% of its total revenue. For the year ended December 31, 2025, revenue from the five largest customer groups (a group of entities which are known to be under common control with these customers) of the Group accounted for 61.7% of its total revenue, and revenue from the largest customer group of the Group accounted for 24.6% of its total revenue. For the year ended December 31, 2025, purchase amount from the five largest suppliers of the Group accounted for 42.7% of its total purchase costs, and purchase amount from the largest supplier of the Group accounted for 17.8% of its total purchase costs.

During the year ended December 31, 2025, none of the Directors, their respective close associates or any Shareholder (who, to the knowledge of the Directors, owned more than 5% of the issued Shares of the Company), had any interest in any of the Group's top five customers and suppliers.

KEY RELATIONSHIP WITH STAKEHOLDERS

Human resources are one of the most important assets of the Group. The Group strives to motivate its employees by providing them with a clear career path as well as comprehensive and professional training courses. In addition, the Group also offers competitive remuneration packages to its employees, including basic salary, certain benefits and other performance-based incentives.

The Group purchases imported pharmaceutical products from overseas suppliers directly and generate revenue by on-selling them to hospitals and pharmacies through distributors. The Group's suppliers have granted it the rights to market, promote and manage sales channels for their products in China. The Group maintains a stable and long-term relationship with its suppliers by providing them access to the growing Chinese market with steady sales growth.

The Group sells pharmaceutical products to distributors, who resell the products to hospitals and pharmacies either directly or indirectly through their sub-distributors. The Group maintains stable and long-term relationship with its distributors by providing them with guidance and training.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. The strategy committee of the Company is responsible for (i) making suggestions for the development of the Company's environmental, social and governance ("**ESG**") objectives and monitoring the progress of their implementation; and (ii) reviewing the development trends of the ESG industry as well as evaluating and making suggestions for major ESG-related decisions, ensuring the Company complies with relevant legal and regulatory requirements, and promoting implementation of relevant policies by various departments of the Company.

The Group strictly abides by the laws and regulations related to environmental protection in the place of operation, regularly monitors air pollutants, water pollution, harmful and harmless wastes and noise, and disposes them in accordance with the laws. In order to improve the performance of energy conservation and emission reduction and the level of environmental management, the Group continues to improve the environmental management system and include indicators of energy conservation and environmental protection into the annual assessment through the formulation of performance assessment measures for energy conservation and environmental protection management, so as to promote a long-term working mechanism for energy conservation and environmental protection. The Group also carries out online publicity activities of environmental protection to fully integrate the concept of energy conservation and emission reduction into daily office.

The detailed information regarding the Group's performance on environmental and social-related policies and the compliance with relevant laws and regulations which have a significant impact on the Group will be disclosed in the "Environmental, Social and Governance Report" separately published by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in Note 40 to the consolidated financial statements in this annual report, the Group has identified the following principal risks and uncertainties, which may have a material and adverse impact on the Group's business performance, financial condition, results of operations or prospects. There may be other principal risks and uncertainties in addition to those set out below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Principal Risks and Uncertainties Relating to the Industry

- The industry in which the Group operates is highly competitive. Inability to compete effectively against new or existing competitors in the industry could result in decrease of sales volumes, reduction of prices and loss of market share.
- Science and technology, clinical demands and market conditions in the pharmaceutical industry may change continuously and rapidly, and the Group may not be able to sufficiently and promptly respond to such changes.

Principal Risks and Uncertainties Relating to the Group's Existing Products and Product Candidates

- The Group may not be able to maintain the sales volumes, pricing levels and profit margins of its major products due to various factors.
- The Group's products may be excluded or removed from national, provincial or other government-sponsored medical insurance programs, or be included in national or provincial negative catalogues, any of which could adversely affect the Group's sales, profitability and business prospects.
- The Group or its products may not be able to achieve or maintain widespread acceptance and positive reputation among government authorities, business partners, healthcare practitioners and patients.
- The Group may fail in tender processes to sell its products to public hospitals and other medical institutions in China and therefore lose market share.
- The prices of certain of the Group's products are subject to pricing regulation, competition and other factors and therefore may decrease.

- The Group's products may not be produced to the necessary and consistent quality standards. The Group's products may cause or be perceived to cause serious adverse events due to the individual differences of patients as well as the complexity of diseases, thus negatively affecting the Group's reputation and business operations.
- The Group may be subject to claims relating to product liability and adverse events in connection with products sold and/or promoted by it as well as product candidates used by it in clinical trials. It could be costly and distracting for the Group to defend itself against such claims. Any failure to defend against such claims may cause adverse impacts on the Group's reputation, business and results of operations.
- Development of product candidates, in particular innovative drug candidates, is time-consuming and costly, and the outcome is uncertain. The Group may fail to achieve research and development milestones as planned and/or disclosed, address regulatory concerns (particularly on safety and efficacy) effectively, obtain regulatory approvals timely, conduct commercialization successfully, or achieve market acceptance as anticipated, for its product candidates.
- The successful implementation of the Group's product development projects is subject to a number of factors outside its control, including failure to maintain, renew or establish relationships with existing or potential research and development partners, or research and development partners' failure to complete their contractual obligations or research and development targets.
- The Group relies on third parties to monitor, support and/or conduct pre-clinical studies and clinical trials of its product candidates. If these third parties fail to carry out their contractual obligations or meet deadlines as expected, the Group may not be able to obtain regulatory approvals for or commercialize its product candidates in a timely manner or at all.
- Even if the Group obtains regulatory approvals for product candidates, it will also be subject to continued regulatory review. Any failure to comply with regulatory requirements or occurrence of unanticipated problems with the product candidates may subject it to penalties.

Principal Risks and Uncertainties Relating to Third-party Products

- The Group has limited or no control over the quality and production process of the products manufactured by third-party pharmaceutical companies and sold and/or promoted by it. Such third-party pharmaceutical companies may fail to produce or deliver the relevant products as planned and the relevant products may be found defective or otherwise not produced to the necessary and consistent quality standards.
- The progress of third-party research and development and the impact of market policies may cause risks associated with the development and commercialization of the Group's products.

Principal Risks and Uncertainties Relating to the Group's Operations

- The Group may face significant competition in seeking appropriate collaboration partners and obtaining additional expertise and capital, invest time and effort in negotiating collaboration details, incur non-recurring and other charges, or increase short and long-term expenditures, in connection with its existing and future collaboration arrangements for the development and commercialization of its product candidates. In addition, the Group may not be able to realize benefits from such arrangements in a timely manner or at all.
- The Group depends on the supply of certain raw materials and pharmaceutical products, and it may encounter decrease, shortage or delay in the supply of, or increase in the price of, such raw materials and pharmaceutical products, which may cause disruptions to the Group's production or increase the Group's costs.
- The Group may fail to maintain optimal inventory levels, which could increase its operating costs or lead to unfulfilled customer orders.
- The Group may fail to sell and/or promote its products and third-party products effectively due to various factors, including, among other things, inadequate promotion, sales and marketing activities, failure to attract, train and retain a sufficient number of qualified promotion, sales and marketing personnel, and failure to maintain, expand and optimize an effective distribution network.
- The Group could be subject to risks caused by misuse, leakage or loss of information maintained in its or its collaborators' information technology systems, including personal and medical information that the Group or its collaborators collected in clinical trials. Any misuse, leakage or loss of such information could result in liability and damage to the Group and distract the attention of its management.
- If the Group fails to adequately protect its intellectual property, or if the scope of its intellectual property fails to sufficiently protect its proprietary rights, other pharmaceutical companies could compete against it more directly. Occurrence of counterfeits of the Group's products may also expose the Group to reduced sales volume of the relevant products, negative publicity, reputational damages and even litigations.

- The Group's employees, distributors or third-party promoters may engage in misconduct or other improper activities, as a result of which, the Group may be exposed to regulatory investigations, penalties or other negative consequences.
- The Group may become a party to litigations, legal disputes, claims or administrative proceedings, which could divert its management's attention and result in costs, liabilities and damages to its reputation.
- If the Group's internal risk management and control system is not adequate or effective, and if it fails to detect potential risks in its business as intended, the Group's business, financial condition and results of operations could be materially and adversely affected.
- Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases, could adversely affect the Group's financial condition and results of operations.

Principal Risks and Uncertainties Relating to the Group's Financial Condition

- Any change or discontinuation in preferential tax treatment or financial subsidies that currently are or may be available to the Group in the future could materially and adversely affect its business, financial condition and results of operations.
- The fair value measurement of certain of the Group's assets is subject to significant risks and uncertainties and the fair value change of such assets may materially and adversely affect its results of operations.
- Any significant decrease in the Group's future profitability could materially and adversely affect its ability to recover its deferred tax assets.
- If the Group does not have access to sufficient funding for the implementation of its strategies and other aspects of its business, its business prospects and future growth could be adversely affected.

Principal Risks and Uncertainties Relating to Regulatory Compliance

- The Group's overseas investments may be subject to laws, rules, regulations and policies, as well as developments thereof, in the corresponding jurisdictions.
- The Group may be restricted from transferring its scientific data abroad and exchanging data and materials during the collaborative development and research.
- The Group or its business partners may fail to successfully obtain, maintain or renew the necessary permits, licenses or certificates for the development, production, promotion, sales or distribution of its products.

Principal Risks and Uncertainties Relating to the Group's Operational Environment

- Economic, political and social conditions and government policies could continue to affect the Group's business, results of operations and financial condition.
- Market regulatory actions and civil claims derived therefrom against the Group may expose it to penalties, business constraints and reputational damages.
- Investors may experience difficulties in effecting service of legal process and seeking recognition and enforcement of judgments across jurisdictions.

The Company believes that risk management is essential to the Group's effective and efficient operations, reliable financial reporting and regulatory compliance. Senior management team of the Company assists the Board in evaluating material risk exposures of the Group, participates in formulation of appropriate risk management and internal control measures, and ensures such measures are properly implemented during the Group's daily operations. However, investors are still advised to make their own judgment or consult their own investment advisers before making any investment in the Shares.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in the section headed "Management Discussion and Analysis – Liquidity and Financial Resources" in this annual report and Note 26 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the Group made charitable and other donations in an aggregate amount of approximately RMB164.7 million.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Company proposes to spin off (the "**Proposed Spin-off**") and separately list the H shares of Simcere Zaiming, a subsidiary of the Company, on the Main Board of the Stock Exchange (the "**Proposed Listing**"). The separate listing of the Simcere Zaiming's H shares on the Main Board of the Stock Exchange constitutes a spin-off of Simcere Zaiming by the Company under Practice Note 15 to the Listing Rules. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. On January 9, 2026, Simcere Zaiming submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Simcere Zaiming's H Shares on the Main Board of the Stock Exchange. It is intended that Simcere Zaiming will conduct an offering of its new shares in connection with the Proposed Listing. Upon completion of the Proposed Spin-off and the Proposed Listing, the Company is expected to have an interest of over 50% in Simcere Zaiming and Simcere Zaiming will remain as a subsidiary of the Company.

On March 25, 2026, Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) ("**Simcere Pharmaceutical**"), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Jiangsu Simcere Diagnostic Technology Co., Ltd. (江蘇先聲診斷技術有限公司) ("**Jiangsu Simcere Diagnostic**"), pursuant to which Simcere Pharmaceutical has agreed to acquire, and Jiangsu Simcere Diagnostic has agreed to sell, the entire equity interest in Shanghai Simcere Diagnostic Technology Co., Ltd. (上海先聲診斷技術有限公司) ("**Shanghai Simcere Diagnostic**") for a cash consideration of RMB30,763,200 (the "**Acquisition**"). Upon completion of the Acquisition, Shanghai Simcere Diagnostic will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Shanghai Simcere Diagnostic will be consolidated into the financial statements of the Group.

Save as disclosed above, after the Reporting Period and up to the date of this report, there were no material events affecting the Company or any of its subsidiaries.

EQUITY-LINKED AGREEMENTS

2021 RSU Scheme

On May 20, 2021 (the "**Adoption Date**"), the Board adopted the 2021 restricted share unit scheme of the Company (the "**2021 RSU Scheme**"). In light of the amended Chapter 17 of the Listing Rules taking into effect from January 1, 2023, the Company has amended the 2021 RSU Scheme and adopted the scheme mandate limit (as defined under the Listing Rules) of the 2021 RSU Scheme (the "**Scheme Mandate Limit**"), which were approved at the annual general meeting of the Company held on June 15, 2023 (the "**Amendment Date**"). Principal amended terms of the 2021 RSU Scheme are summarized below:

Purpose

The purpose of the 2021 RSU Scheme is to (i) incentivize the existing and incoming directors, senior management and employees for their contribution to the Group; and (ii) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the selected participants under the 2021 RSU Scheme (the "**Selected Participants**") directly to the Shareholders through ownership of Shares.

Effectiveness and duration

Without prejudicing the subsisting rights of any Selected Participant and subject to any early termination as may be determined by the Board or a committee of the Board delegated by it the authority to administer the 2021 RSU Scheme (the "**Administrator**"), the 2021 RSU Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which no further awards will be granted, but the provisions of the 2021 RSU Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to any awards granted prior to such expiry and the administration of the trust fund held by the trustee (the "**Trustee**") for the benefit of the grantees under the 2021 RSU Scheme.

As of the date of this annual report, the remaining life of the 2021 RSU Scheme was approximately five years.

Administration

The 2021 RSU Scheme is subject to the administration of the Administrator in accordance with the terms and conditions of the 2021 RSU Scheme. The Administrator shall have the sole and absolute right to (i) interpret and construe the provisions of the 2021 RSU Scheme; (ii) determine the eligible participants (the "**Eligible Participants**") who will be granted the RSUs under the 2021 RSU Scheme, the terms and conditions on which the RSUs will be granted and the vesting conditions and schedule of the RSUs to be granted pursuant to the 2021 RSU Scheme; (iii) make such appropriate and equitable adjustments to the terms of the RSUs granted under the 2021 RSU Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate or desirable in the administration of the 2021 RSU Scheme. All the decisions, determinations and interpretations made by the Administrator in accordance with the 2021 RSU Scheme shall be final, conclusive and binding on all persons affected thereby.

Eligible Participants

The Eligible Participants who can receive RSUs under the 2021 RSU Scheme include directors and employees of the Company or any of its subsidiaries (including persons who is granted RSUs under the 2021 RSU Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), who the Administrator considers, in its sole discretion, has the below eligibility.

The eligibility of the Eligible Participants to the grant of the RSUs shall be determined by the Administrator from time to time and on a case-by-case basis subject to the Administrator's opinion as to his/her contribution to the development and growth of the Group or such other factors as the Administrator may deem appropriate.

Maximum number of Shares to be granted

Unless the Scheme Mandate Limit is refreshed, or grant of RSUs exceeding the Scheme Mandate Limit is separately approved, by the Shareholders in general meeting of the Company in accordance with the 2021 RSU Scheme, the total number of Shares which may be issued in respect of all options and awards to be granted under the 2021 RSU Scheme and any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company (the "**Share Scheme(s)**") must not exceed 266,404,561 Shares, representing 10% of the total number of Shares in issue as of the Amendment Date, and 10.26% of the total number of Shares in issue as of the date of this annual report. For the purpose of calculating the Scheme Mandate Limit, options and awards that have already lapsed in accordance with the terms of the schemes shall not be regarded as utilised.

Maximum entitlement of each participant

The maximum entitlement of each Selected Participant under the 2021 RSU Scheme shall not exceed the limits as required under Chapter 17 of the Listing Rules. Specifically, no RSUs shall be granted to any Selected Participant if, at the time of the grant, the number of Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person under the 2021 RSU Scheme and any other Share Schemes in the 12-month period up to and including the grant date of the relevant RSUs would exceed 1% of the total number of Shares in issue as at the grant date, unless such grant has been duly approved by the Shareholders in general meeting of the Company with such proposed Selected Participant and his/her close associates (or associates if the relevant Selected Participant is a connected person) abstaining from voting. The number and terms of RSUs to be granted to such Selected Participant must be fixed before the general meeting of the Company at which the same are approved.

Purchase Price

The purchase price (if any) for acceptance of the RSUs under the 2021 RSU Scheme shall be determined at the sole and absolute discretion of the Administrator after taking into consideration (i) the purpose of the award; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date; (iii) the average closing price of the Shares for the five Business Days prior to the grant date; and/or (iv) any other matter which the Administrator considers relevant. Such consideration (if any) shall be paid to the Company or the Trustee at the sole and absolute discretion of the Administrator. For the avoidance of doubt, the Administrator may determine the purchase price to be nil. The grant letter issued by the Administrator to each Selected Participant will state the purchase price, if applicable, and that an acceptance of the grant must be accompanied by payment of the purchase price and its payment period and mechanism.

Vesting of RSUs

Subject to the terms of the 2021 RSU Scheme and the specific terms and conditions applicable to each award, the RSUs granted in an award shall be subject to a vesting schedule (if any) and to the satisfaction of performance milestones or targets and/or other conditions to be determined by the Administrator (if any) in its sole and absolute discretion. If such conditions are not satisfied or waived, the award shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Administrator in its sole and absolute discretion. The Board (or, as the case may be, the person(s) or institution(s) authorized by the Board) will conduct assessment at the end of a performance period by comparing the Group's overall performance and the individual performance of the grantees with the pre-agreed performance targets to determine whether the targets and the extents to which have been met.

The vesting period shall not be less than 12 months unless the Administrator determines, in its sole discretion, that the RSUs granted to a Selected Participant may be subject to a vesting period of less than 12 months in the following circumstances: (i) awards are subject to performance-based vesting conditions provided, in lieu of time-based vesting criteria to stimulate the Selected Participant to achieve the relevant performance targets in a shorter period; or (ii) awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the RSUs would have been granted.

For further details of the 2021 RSU Scheme and its amendments, please refer to the announcements and circular of the Company dated May 20, 2021, March 31, 2023, May 25, 2023 and June 15, 2023.

Details of the RSUs granted under the 2021 RSU Scheme

During the Reporting Period, the Board resolved (i) on March 25, 2025 to grant an aggregate of 1,777,000 RSUs, representing 1,777,000 underlying Shares, to an aggregate of 45 Eligible Participants, each an employee of the Group, under the 2021 RSU Scheme at nil consideration; (ii) on August 22, 2025 to grant an aggregate of 675,000 RSUs, representing 675,000 underlying Shares, to an aggregate of six Eligible Participants, each an employee of the Group, under the 2021 RSU Scheme at nil consideration; and (iii) on December 1, 2025 to grant an aggregate of 15,408,100 RSUs, representing 15,408,100 underlying Shares, to an aggregate of 97 Eligible Participants, including two executive Directors, namely Mr. WAN Yushan and Ms. WANG Xi and other 95 employees of the Group, under the 2021 RSU Scheme at nil consideration. For details of such grants, please refer to the announcements of Company dated March 25, 2025, August 22, 2025 and December 1, 2025, respectively.

The number of RSUs available for grant under the 2021 RSU Scheme was 258,133,361 as of January 1, 2025 and was 242,312,421 as of December 31, 2025. The number of Shares underlying the RSUs granted under the 2021 RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue during the Reporting Period is 0.71%. Details of the outstanding RSUs granted under the 2021 RSU Scheme and the movements during the Reporting Period are set out below:

Name or category of grantee	Date of grant	Number of Shares underlying the RSUs outstanding as of the date of grant[Note 1]	Number of Shares underlying the RSUs outstanding as of January 1, 2025	Number of RSUs granted during the Reporting Period	Closing price of the Shares immediately before the date on which the awards were granted	Weighted average closing price of the Shares immediately before the vesting date[Note 2]	Fair value of awards at the date of grant and the accounting standard and policy adopted[Note 3]	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of December 31, 2025	Vesting dates (subject to vesting conditions[Note 4])	Approximate percentage of total number of Shares in issue as of December 31, 2025
Directors													
Mr. WAN Yushan	November 9, 2022	850,000	283,334	-	HK$11.34	-	HK$11.62	-	283,334	-	-	Note 5	-
	August 22, 2024	271,400	271,400	-	HK$5.35	Note 2	HK$5.24	217,120	54,280	-	-	Note 6	-
	December 1, 2025	2,100,000	-	2,100,000	HK$13.64	-	HK$13.93	-	-	-	2,100,000	Note 7	0.0809%
Ms. WANG Xi	March 21, 2024	82,000	82,000	-	HK$5.30	Note 2	HK$5.49	65,600	16,400	-	-	Note 8	-
	August 22, 2024	56,000	56,000	-	HK$5.35	Note 2	HK$5.24	44,800	11,200	-	-	Note 6	-
	December 1, 2025	240,000	-	240,000	HK$13.64	-	HK$13.93	-	-	-	240,000	Note 7	0.0092%

Name or category of grantee	Date of grant	Number of Shares underlying the RSUs outstanding as of the date of grant[Note 1]	Number of Shares underlying the RSUs outstanding as of January 1, 2025	Number of RSUs granted during the Reporting Period	Closing price of the Shares immediately before the date on which the awards were granted	Weighted average closing price of the Shares immediately before the vesting date[Note 2]	Fair value of awards at the date of grant and the accounting standard and policy adopted[Note 3]	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of December 31, 2025	Vesting dates (subject to vesting conditions[Note 4])	Approximate percentage of total number of Shares in issue as of December 31, 2025
Other grantees													
Employees	May 11, 2022	6,810,000	909,000	-	HK$7.85	Note 2	HK$8.27	530,000	288,000	91,000	-	Note 9	-
	September 28, 2022	14,489,000	2,975,000	-	HK$7.01	Note 2	HK$6.72	1,250,500	499,500	1,225,000	-	Note 10	-
	November 9, 2022	1,169,000	235,667	-	HK$11.34	-	HK$11.62	-	235,667	-	-	Note 11	-
	June 28, 2023	4,378,000	1,542,000	-	HK$7.43	Note 2	HK$7.25	220,500	364,500	716,000	241,000	Note 12	0.0093%
	March 21, 2024	3,746,000	3,282,500	-	HK$5.30	Note 2	HK$5.49	1,005,750	777,750	-	1,499,000	Note 13	0.0577%
	August 22, 2024	2,640,700	2,605,300	-	HK$5.35	Note 2	HK$5.24	1,774,270	675,030	-	156,000	Note 14	0.0060%
	March 25, 2025	1,777,000	-	1,777,000	HK$7.83	-	HK$7.52	-	20,000	-	1,757,000	Note 15	0.0677%
	August 22, 2025	675,000	-	675,000	HK$12.77	-	HK$14.10	-	-	-	675,000	Note 16	0.0260%
	December 1, 2025	13,068,100	-	13,068,100	HK$13.64	-	HK$13.93	-	120,000	60,000	12,888,100	Note 17	0.4965%
Total		**52,352,200**	**12,242,201**	**17,860,100**	**-**	**-**	**-**	**5,108,540**	**3,345,661**	**2,092,000**	**19,556,100**	**-**	**0.7534%[Note 18]**

Notes:

1. The RSUs were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

2. The weighted average closing price of the Shares immediately before the vesting date for directors as a category of grantees is HK$11.81. The weighted average closing price of the Shares immediately before the vesting date for employees as a category of grantees is HK$11.16.

3. For details of the accounting standard and policy adopted in relation to and the basis of the measurement of fair value of RSUs, please see Note 35 to the financial statements in this annual report.

4. The vesting of the RSUs shall be subject to the assessment of the annual performance of the Grantees, and such assessment is based on the evaluation of:

   (i) the Grantee's individual performance; and

   (ii) the business performance of the Group, with reference to various factors, including but not limited to the Group's overall performance targets and its actual results, as well as its financial position.

   Upon each vesting date, the portion of RSUs that vests shall be determined based on the assessment of the Grantee's annual performance, and the unvested portion shall lapse.

5. One third of the RSUs granted shall vest on November 9, 2023, 2024 and 2025, respectively.

6. The RSUs granted shall vest on August 22, 2025.

7. One third of the RSUs granted shall vest on December 1, 2026, 2027, and 2028, respectively.

8. The RSUs granted shall vest on April 30, 2025.

9. In relation to 1,500,000 RSUs granted, one third of the RSUs shall vest on January 17, 2023, 2024 and 2025, respectively. In relation to 5,310,000 RSUs granted, one third of the RSUs shall vest on May 11, 2023, 2024 and 2025, respectively.

10. In relation to 13,881,000 RSUs granted, one third of the RSUs shall vest on September 28, 2023, 2024 and 2025, respectively. In relation to 528,000 RSUs granted, one third of the RSUs shall vest on May 11, 2023, 2024 and 2025, respectively. In relation to 80,000 RSUs granted, one half of the RSUs shall vest on May 11, 2023 and 2024, respectively.

11. In relation to 1,015,000 RSUs granted, one third of the RSUs shall vest on November 9, 2023, 2024 and 2025, respectively. In relation to 154,000 RSUs granted, all of them shall vest on November 9, 2023.

12. In relation to 4,302,000 RSUs granted, one third of the RSUs shall vest on June 28, 2024, 2025 and 2026, respectively. In relation to 76,000 RSUs granted, all of them shall vest on June 28, 2024.

13. In relation to 359,000 RSUs granted, all of the RSUs shall vest on March 21, 2025. In relation to 126,000 RSUs granted, half of the RSUs shall vest on March 21, 2025 and 2026, respectively. In relation to 3,261,000 RSUs granted, one third of the RSUs shall vest on March 21, 2025, 2026 and 2027, respectively.

14. In relation to 2,406,700 RSUs granted, all of the RSUs shall vest on August 22, 2025. In relation to 234,000 RSUs granted, one third of the RSUs shall vest on August 22, 2025, 2026 and 2027, respectively.

15. In relation to 400,000 RSUs granted, all of the RSUs shall vest on March 25, 2026. In relation to 1,377,000 RSUs granted, one third of the RSUs shall vest on March 25, 2026, 2027 and 2028, respectively.

16. One third of the RSUs granted shall vest on August 22, 2026, 2027 and 2028, respectively.

17. In relation to 100,000 RSUs granted, all of the RSUs shall vest on December 1, 2026. In relation to 12,968,100 RSUs granted, one third of the RSUs shall vest on December 1, 2026, 2027 and 2028, respectively.

18. The aggregate percentage of number of Shares underlying the RSUs outstanding as of December 31, 2025 divided by total number of Shares in issue as of December 31, 2025 may not add up to the total percentage of 0.7534% due to rounding.

In addition, Simcere Pharmaceutical Holding Limited, a controlling Shareholder of the Company, adopted the pre-IPO share incentive scheme on July 31, 2014, details of which were set out in the section headed "Appendix V – Statutory and General Information – D. Pre-IPO Share Incentive Scheme" of the Prospectus. Simcere Zaiming, a subsidiary of the Company, also adopted a share incentive scheme on March 20, 2024. For more details, please refer to the announcement of the Company dated March 20, 2024 and Note 35 to the consolidated financial statements in this annual report. The aforementioned share incentive schemes were not subject to the provisions of Chapter 17 of the Listing Rules.

Saved as disclosed herein, no equity-linked agreements were entered into by the Company or subsidiaries during the year ended December 31, 2025.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 166 of the articles of association of the Company (the "**Articles of Association**"), subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), every Director, company secretary or other senior management member of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto. Such permitted indemnity provision is currently in force and was in force throughout the year ended December 31, 2025.

The Company has purchased Directors, company secretary and senior management's liabilities insurance on behalf of its Directors, joint company secretaries and senior management.

DIRECTORS

The directors of the Company and its subsidiaries during the Reporting Period and up to the date of this annual report were as follows:

Directors of the Company:	Directors of subsidiaries:	
Executive Directors:	CAI Ye[2]	SONG Wenjie
	CHEN Weigong[2]	SUN Jiancheng
Mr. REN Jinsheng *(Chairman)*	CHENG Xianghua	TANG Renhong
Mr. TANG Renhong	CHU Xuexi	TANG Qijin[2]
Mr. WAN Yushan	FENG Hong[2]	WAN Yushan
Ms. WANG Xi	HAN Xinning[2]	WANG Feng
	HU Jianzhong	WANG Hui[2]
Independent non-executive Directors:	HOU Zhiwei	WANG Pin
	Kyu Don Kim	WANG Xi
Mr. SONG Ruilin	LI Zhengtao	WANG Xiaobing[1]
Mr. WANG Jianguo	LI Dongfang	WU Yihan
Mr. WANG Xinhua	LIN Jie[2]	WU Yongmin
Mr. SUNG Ka Woon	LU Jianxue[1]	XIAO Bing[2]
	MAO Tingting[2]	XU Gang
	PENG Shaoping[1]	XU Renxiang
	QIAN Haibo[1]	XU Jianjian
	QIAN Yong[2]	XU Yuxi
	REN Jinsheng	YAO Wanfeng[2]
	REN Weidong	YU Qingzhu[2]
	SHI Ruiwen	ZHANG Xiaojuan
		ZHANG Yi[2]
		ZHAO Hao[2]
		ZHAO Shanhan

Notes:

(1) Ceased to serve as the director of the subsidiaries of the Company during the year ended December 31, 2025 and up to the date of this annual report.

(2) Appointed as the director of the subsidiaries of the Company during the year ended December 31, 2025 and up to the date of this annual report.

BIOGRAPHIES AND CHANGES IN INFORMATION OF THE DIRECTORS AND SENIOR MANAGEMENTS

Biographical details of the Directors and the senior management of the Company are set out on pages 100 to 107 of this annual report.

On March 25, 2026, Dr. Zhou Yunshu was appointed as the chief executive officer of the Company. See "Biographies of Directors and Senior Management" for his biography.

Except as noted in the biographies, none of the Directors have held any other directorships in any listed public companies in the last three years.

Further, except as disclosed in the biographies, none of the Directors is connected with any Director, senior management, substantial shareholder or controlling Shareholder of the Company.

Save as disclosed in this annual report, there are no other matters relating to the re-election of Directors at the forthcoming AGM that need to be brought to the attention of the Shareholders nor is there any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Save as disclosed in this annual report, since the date of the 2025 interim report of the Company and up to the date of this annual report, there were no changes in the information of Directors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company, while each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years.

The above appointments are always subject to the provisions of retirement and rotation of Directors under the Articles of Association. None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" and the section headed "Connected Transaction" in this report and "Material Related Party Transactions" of Note 39 to the consolidated financial statements in this annual report, no transaction, arrangement or contracts of significance (as defined in Appendix D2 of the Listing Rules) related to the business of the Company to which the Company, its holding companies or any of its subsidiaries was a party and in which a Director, an entity connected with a Director had a material interest, whether directly or indirectly, subsisted as of December 31, 2025 or at any time during the year ended December 31, 2025.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Continuing Connected Transactions" and "Material Related Party Transactions" of Note 39 to the consolidated financial statements in this annual report, during the year ended December 31, 2025 or at any time during the year ended December 31, 2025, neither contract of significance was entered into between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries, nor contract of significance was entered into for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus, during the Reporting Period, none of the Directors or their respective associates (as defined under the Listing Rules) had any interest in a business which competes or is likely to compete with the Group's business under Rules 8.10(2)(b) and 8.10(2)(c) of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Equity-linked Agreements – 2021 RSU Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the Reporting Period or until the end of 2025, were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporations.

DEED OF NON-COMPETITION

The controlling Shareholders of the Company have respectively acknowledged to the Company that they have honored the non-competition undertaking made to the Company under the deed of non-competition entered into on October 8, 2020 ("**Deed of Non-competition**"). The independent non-executive Directors have reviewed such compliance and confirmed that the above-mentioned parties had kept and duly performed all the undertakings under the Deed of Non-competition during the Reporting Period.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company, as required to be disclosed under section 543 of the Companies Ordinance, was entered into or existed during the Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2025 and up to the date of this annual report, the Group has entered into the following transactions, which constituted continuing connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules:

Partially-exempt Continuing Connected Transactions

As disclosed in the announcements of the Company dated December 29, 2023, January 17, 2024, December 23, 2024, January 16, 2025, January 24, 2025 and October 20, 2025 (the "**CCT Announcements**"), the following transactions constituted partially-exempt continuing connected transactions of the Company. For further details, please refer to the CCT Announcements.

The Group has followed the pricing policies set forth in the CCT Announcements, as well as the guidelines under the Listing Rules in determining the prices and terms of the continuing connected transactions conducted during the Reporting Period.

Diagnostics R&D Project Service Framework Agreement

On December 23, 2024 (after trading hours), in order to remain cooperation with Jiangsu Simcere Medical Diagnostics Co., Ltd. (江蘇先聲醫學診斷有限公司) ("**Jiangsu Medical Diagnostics**") and renew the previous Diagnostics R&D Project Service Framework Agreement entered into between the Company and Jiangsu Medical Diagnostics on December 23, 2021, which expired on December 31, 2024, the Company entered into a new Diagnostics R&D Project Service Framework Agreement (the "**R&D Project Service Framework Agreement**") with Jiangsu Medical Diagnostics, for themselves and on behalf of their respective subsidiaries, pursuant to which Jiangsu Medical Diagnostics agreed to provide R&D project services to the Group, including but not limited to CRO (contract research organization) services, WES (whole exome sequencing) services, CDx (companion diagnostic in vitro diagnostic reagents) services and other R&D project services.

The R&D Project Service Framework Agreement is for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive), and is renewable for a term of three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations.

Jiangsu Medical Diagnostics is ultimately controlled by Mr. Ren Yong and his spouse, Ms. Li Shimeng, both of whom are controlling Shareholders of the Company. As a result, Jiangsu Medical Diagnostics is an associate of Mr. Ren Yong and Ms. Li Shimeng and therefore a connected person of the Company.

The annual cap for the continuing connected transactions under the R&D Project Service Framework Agreement for the year ended December 31, 2025 is RMB25.0 million, while the actual transaction amount for the year ended December 31, 2025 was approximately RMB2.90 million.

BioSciKin Property Lease and Comprehensive Services Framework Agreement

On December 23, 2024 (after trading hours), in order to remain cooperation with Nanjing BioSciKin Technology Development Co., Ltd. (南京百家匯科技發展有限公司) ("**Nanjing BioSciKin Technology**"), and renew the previous Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Nanjing BioSciKin Technology on December 20, 2022, the Company entered into a new Property Lease and Comprehensive Services Framework Agreement with Nanjing BioSciKin Technology (the "**Property Lease and Comprehensive Services Framework Agreement**"), for themselves and on behalf of their respective subsidiaries, pursuant to which Nanjing BioSciKin Technology agreed to lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services, as well as provide the Group with certain general supporting services, which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services.

The Property Lease and Comprehensive Services Framework Agreement is for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive), and is renewable for a term of up to three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations.

Nanjing BioSciKin Technology is indirectly wholly owned by Mr. Ren Jinsheng, an executive Director and a controlling Shareholder of the Company. As a result, Nanjing BioSciKin Technology is an associate of Mr. Ren Jinsheng and therefore a connected person of the Company.

The annual cap for the continuing connected transactions under the Property Lease and Comprehensive Services Framework Agreement for the year ended December 31, 2025 is RMB119.0 million, while the actual transaction amount for the year ended December 31, 2025 was approximately RMB79.24 million.

Order Collection Comprehensive Services Agreement

On December 29, 2023 (after trading hours), Jiangsu Simcere, an indirectly wholly-owned subsidiary of the Company, entered into an order collection comprehensive services agreement (the "**Order Collection Comprehensive Services Agreement**") with Jiangsu Medical Diagnostics, pursuant to which Jiangsu Medical Diagnostics agreed to entrust Jiangsu Simcere to provide certain order collection comprehensive services for its testing products in the field of neurology and infection treatment.

The Order Collection Comprehensive Services Agreement is for a term of three years commencing from January 1, 2024 to December 31, 2026.

Jiangsu Medical Diagnostics is ultimately controlled by Mr. Ren Yong and his spouse, Ms. Li Shimeng, both of whom are controlling Shareholders of the Company. As a result, Jiangsu Medical Diagnostics is an associate of Mr. Ren Yong and Ms. Li Shimeng and therefore a connected person of the Company.

The annual cap for the continuing connected transactions under the Order Collection Comprehensive Services Agreement for the year ended December 31, 2025 is RMB25.0 million, while the actual transaction amount for the year ended December 31, 2025 was approximately RMB3.83 million.

Exclusive Promotion Services Cooperation Agreement

On December 29, 2023 (after trading hours), Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司) ("**Jiangsu Simcere**"), an indirectly wholly-owned subsidiary of the Company, entered into the Exclusive Promotion Services Cooperation Agreement with Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司) ("**Beijing Simcere Sanroad**"), pursuant to which Jiangsu Simcere agreed to grant the exclusive promotion rights to Beijing Simcere Sanroad to promote a generic drug of the Group (i.e. Fumarate Bedaquiline Tablets) within the prescribed promotion indications and the promotion region.

The Exclusive Promotion Services Cooperation Agreement is effective from January 16, 2024 to December 31, 2026.

Beijing Simcere Sanroad is ultimately controlled by Mr. Ren Jinsheng, an executive Director and a controlling Shareholder of the Company. As a result, Beijing Simcere Sanroad is an associate of Mr. Ren Jinsheng and therefore a connected person of the Company.

The annual cap for the continuing connected transactions under the Exclusive Promotion Services Cooperation Agreement for the year ended December 31, 2025 is RMB100.0 million, while the actual transaction amount for the year ended December 31, 2025 was approximately RMB87.03 million.

Due to the unexpected actual sales volume of the generic drug of the Group (i.e. Fumarate Bedaquiline Tablets) promoted and sold by Beijing Simcere Sanroad within the promotion indications and the promotion region under the Exclusive Promotion Services Cooperation Agreement, which correspondingly led to a growth in the incurred promotion service fees. Moreover, during the nine months ended September 30, 2025, the Group has achieved a significant increase in the volume of centralized procurement of the product by local government authorities. Meanwhile, driven by ongoing efforts to expand the Product's inclusion in target hospitals and extend its customer base, the sales volume of the Product is expected to continue growing in years ending December 31, 2025 and December 31, 2026, further increasing promotion service fees. In light of the above, on January 24, 2025 and October 20, 2025, the Company has thereby resolved to revise the annual caps for the years ending December 31, 2025 and 2026 under the Exclusive Promotion Services Cooperation Agreement to RMB52.0 million, RMB87.0 million and RMB100.0 million, RMB150.0 million, respectively. For more details, please refer to the announcements of the Company dated January 24, 2025 and October 20, 2025.

In respect of the continuing connected transactions, the Company confirms that it has followed the policies and guidelines as set out in the guidance letter HKEX-GL73-14 issued by the Stock Exchange when determining the price and terms of the transactions conducted during the year ended December 31, 2025.

Save as disclosed above, none of the other related party transactions set out in the Note 39 of the financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules during the year ended December 31, 2025.

Confirmation from Independent Non-executive Directors

The independent non-executive Directors of the Company have reviewed the continuing connected transactions outlined above, and confirmed that such continuing connected transactions had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

The Auditor has performed the relevant procedures regarding the 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The Auditor has provided an unqualified letter to the Board containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the paragraphs above in accordance with Rule 14A.56 of the Listing Rules.

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2025:

(i) nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

CONNECTED TRANSACTIONS

During the year ended December 31, 2025 and up to the date of this annual report, the Group has entered into the following transactions, which constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules:

Acquisitions of the Entire Assets of Sanroad Shanghai and the Entire Equity Interest in Xianwei

To swiftly enter the mRNA technology field, establish a competitive edge in key areas such as infectious diseases, oncology, and autoimmune diseases, complementing its existing innovative drug pipeline and broadening future development opportunities and to rapidly integrate critical technologies, clinical data, and production resources establishing a strong competitive moat in the mRNA field, on August 26, 2025, Hainan Simcere, an indirectly wholly-owned subsidiary of the Company, entered into the transfer agreement with Beijing Sanroad, pursuant to which Hainan Simcere has agreed to acquire, and Beijing Sanroad has agreed to sell: (i) the entire assets of Sanroad Shanghai, a branch of Beijing Sanroad established on May 22, 2025, for a cash consideration of RMB17,522,600; and (ii) the entire equity interest in Xianwei for a cash consideration of RMB65,661,200 (the "**Acquisitions**"). The aggregated consideration under the transfer agreement is RMB83,183,800. The Acquisitions were completed on October 28, 2025. Upon completion, Xianwei has become an indirectly wholly-owned subsidiary of the Company and the financial results of Xianwei have been consolidated into the financial statements of the Group.

Beijing Sanroad is directly owned by Hainan Baimai Investment Co., Ltd. (海南百邁投資有限公司) (formerly known as Shanghai BioSciKin Investment Management Co., Ltd. (上海百家匯投資管理有限公司) and Hainan Simcere BioSciKin Technology Development Co., Ltd. (海南先聲百家匯科技發展有限公司) as to approximately 85.46% and 1.20%, respectively, both of which are ultimately wholly owned by Mr. Ren Jinsheng, an executive Director and one of the controlling Shareholders of the Company. As a result, Beijing Sanroad is an associate of Mr. Ren Jinsheng and a connected person of the Company. Accordingly, the Acquisitions contemplated under the transfer agreement constitute a connected transactions of the Company. For details, please refer to the announcements of the Company dated August 26, 2025 and September 18, 2025.

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

As of December 31, 2025, the interest or short position of the Directors or chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive	Nature of interest	Number of Shares/underlying shares interested	Approximate percentage of shareholding interest[1]
Mr. Ren Jinsheng[2]	Interest in controlled corporations/ Interest of concert parties/Interest of spouse	1,776,343,068	68.43%
Mr. Tang Renhong[3]	Beneficial owner	1,550,000	0.06%
Mr. Wan Yushan[4]	Beneficial owner	1,445,453	
	Beneficiary of a trust (other than a discretionary interest)	2,100,000	
	Sub-total:	3,545,453	0.14%
Ms. Wang Xi[5]	Beneficial owner	274,400	
	Beneficiary of a trust (other than a discretionary interest)	240,000	
	Interest of spouse	1,775,828,668	
	Sub-total	1,776,343,068	68.43%

Notes:

(1) The calculation is based on the total number of 2,595,697,618 issued Shares of the Company as of December 31, 2025.

(2) Mr. Ren Jinsheng, together with Simcere Investments Group Limited ("**SIG**"), P&H Holdings Group Ltd. ("**P&H Holdings**"), Right Wealth Holdings Limited ("**Right Wealth**"), Mr. Ren Yong, Ms. Li Shimeng, Mr. Ren Weidong, Ms. Ren Zhen and Ms. Peng Suqin (collectively, the "**Ultimate Controlling Shareholders**"), collectively hold 1,775,828,668 Shares, including (i) 592,810,031 Shares and 938,431,689 Shares directly held by Artking Global Limited ("**Artking**") and Simcere Pharmaceutical Holding Limited ("**SPHL**"), respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; and (ii) 123,625,578 Shares and 120,961,370 Shares directly or indirectly held by SIG and Fortune Fountain Investment Limited ("**FFI**"), respectively, both of which are companies controlled by Mr. Ren Jinsheng. As the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Codes on Takeovers and Mergers and Share Buy-back (the "**Takeovers Code**"), each of them is deemed to be interested in the Shares held by each other by virtue of the SFO. Mr. Ren Jinsheng is also deemed to be interested in (i) 274,400 Shares held by his spouse, Ms. Wang Xi; and (ii) 240,000 Shares underlying the RSUs granted to Ms. Wang Xi. As of December 31, 2025, such 240,000 RSUs remain unvested, and such vesting is subject to vesting conditions.

(3) Mr. Tang Renhong directly holds 1,550,000 Shares.

(4) Mr. Wan Yushan (i) directly holds 1,445,453 Shares; and (ii) is interested in 2,100,000 RSUs granted to him under the 2021 RSU Scheme which entitled him to receive an aggregate of 2,100,000 Shares subject to vesting. As of December 31, 2025, such 2,100,000 RSUs remain unvested, and such vesting is subject to vesting conditions.

(5) Ms. Wang Xi (i) directly holds 274,400 Shares; (ii) is interested in 240,000 RSUs granted to her under the 2021 RSU Scheme which entitled her to receive an aggregated of 240,000 Shares subject to vesting. As of December 31, 2025, such 240,000 RSUs remain unvested, and such vesting is subject to vesting conditions; and (iii) is deemed to be interested in an aggregate of 1,775,828,668 Shares directly and indirectly held by her spouse, Mr. Ren Jinsheng, together with other Ultimate Controlling Shareholders who are deemed to be persons acting in concert under the Takeovers Code.

Save as disclosed above, as of December 31, 2025, so far as is known to the Directors, none of the Directors or the chief executives of the Company had or were deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company under Divisions 7 and 8 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of December 31, 2025, interests or short positions of persons (other than the Directors and chief executives of the Company) in the Shares or underlying Shares (within the meaning of Part XV of the SFO) which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares interested	Approximate percentage of shareholding interest[1]
Mr. Ren Yong[2][3]	Interest in controlled corporations/ Interest of concert parties/Founder of a discretionary trust	1,775,828,668	68.41%
Ms. Li Shimeng[2][3]	Interest in controlled corporations/ Interest of concert parties/Interest of spouse	1,775,828,668	68.41%
P&H Holdings[2][3]	Interest in controlled corporations/ Interest of concert parties	1,775,828,668	68.41%
Mr. Ren Weidong[2][4]	Interest in controlled corporations/ Interest of concert parties	1,775,828,668	68.41%
Right Wealth[2][4]	Interest in controlled corporations/ Interest of concert parties	1,775,828,668	68.41%
Ms. Ren Zhen[2][5]	Interest in controlled corporations/ Interest of concert parties	1,775,828,668	68.41%
Ms. Peng Suqin[2][6]	Interest in controlled corporations/ Interest of concert parties	1,775,828,668	68.41%
Artking[2][7]	Beneficial owner	592,810,031	
	Interest in controlled corporations	938,431,689	
	Interest of concert parties	244,586,948	
	Sub-total	1,775,828,668	68.41%
Simcere Holding Limited ("**Simcere Holding**")[2][8]	Interest in controlled corporations	938,431,689	
	Interest of concert parties	837,396,979	
	Sub-total	1,775,828,668	68.41%

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares interested	Approximate percentage of shareholding interest[1]
Excel Investments Group Limited ("**Excel Investments**")[2][9]	Interest in controlled corporations	938,431,689	
	Interest of concert parties	837,396,979	
	Sub-total	1,775,828,668	68.41%
SPHL[2][10]	Beneficial owner	938,431,689	
	Interest of concert parties	837,396,979	
	Sub-total	1,775,828,668	68.41%
SIG[2][11]	Beneficial owner	116,259,578	
	Interest in controlled corporation	128,327,370	
	Interest of concert parties	1,531,241,720	
	Sub-total	1,775,828,668	68.41%
FFI[2][12]	Beneficial owner	120,961,370	
	Interest of concert parties	1,654,867,298	
	Sub-total	1,775,828,668	68.41%

Notes:

(1) The calculation is based on the total number of 2,595,697,618 issued Shares of the Company as of December 31, 2025.

(2) The Ultimate Controlling Shareholders collectively hold 1,775,828,668 Shares, including (i) 592,810,031 Shares and 938,431,689 Shares directly held by Artking and SPHL, respectively, both of which are companies controlled by the Ultimate Controlling Shareholders; and (ii) 123,625,578 Shares and 120,961,370 Shares directly or indirectly held by SIG and FFI, respectively, both of which are companies controlled by Mr. Ren Jinsheng. As the Ultimate Controlling Shareholders are deemed to be persons acting in concert under the Takeovers Code, each of them is deemed to be interested in the Shares held by each other by virtue of the SFO.

(3) Mr. Ren Yong is the settlor of the P&H Family Trust, and P&H Family Trust holds the entire equity interest in P&H Holdings. Mr. Ren Yong, Ms. Li Shimeng and P&H Holdings are deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(4) Mr. REN Weidong is the brother of Mr. REN Jinsheng and holds the entire equity interest in Right Wealth. Mr. REN Weidong and Right Wealth are the Ultimate Controlling Shareholders and are deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(5) Ms. Ren Zhen is the sister of Mr. Ren Jinsheng. She is one of the Ultimate Controlling Shareholders and is deemed to be interested in the Shares collectively held by the Ultimate Controlling Shareholders.

(6) Ms. Peng Suqin is the mother of Mr. Ren Yong and is one of the Ultimate Controlling Shareholders. Ms. Peng Suqin is deemed to be interested in the 1,775,828,668 Shares collectively held by the Ultimate Controlling Shareholders.

(7) Artking directly holds 592,810,031 Shares and is deemed to be interested in 1,183,018,637 Shares, including (i) 938,431,689 Shares directly held by SPHL, a controlled corporation of Artking; and (ii) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng and are deemed to be acting in concert with Artking under the Takeovers Code.

(8) Simcere Holding is deemed to be interested in 1,775,828,668 Shares, including (i) 938,431,689 Shares directly held by SPHL, a controlled corporation of Simcere Holding; (ii) an aggregate of 837,396,979 Shares, which comprised of (a) 592,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders; and (b) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with Simcere Holding under the Takeovers Code. Mr. REN Jinsheng is the director of Simcere Holding

(9) Excel Investments is deemed to be interested in 1,775,828,668 Shares, including (i) 938,431,689 Shares directly held by SPHL, a controlled corporation of Excel Investments; and (ii) an aggregate of 837,396,979 Shares, which comprises of (a) 592,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders; and (b) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with Excel Investments under the Takeovers Code. Mr. REN Jinsheng is the director of Excel Investments.

(10) SPHL directly holds 938,431,689 Shares and is deemed to be interested in an aggregate of 837,396,979 Shares, including (i) 592,810,031 Shares directly held by Artking, a company controlled by the Ultimate Controlling Shareholders; and (ii) an aggregate of 244,586,948 Shares directly or indirectly held by SIG and FFI, both of which are companies controlled by Mr. Ren Jinsheng. Artking, SIG and FFI are deemed to be acting in concert with SPHL under the Takeovers Code. Mr. REN Jinsheng is the director of SPHL.

(11) SIG directly held 116,259,578 Shares and is deemed to be interested in 1,659,569,090 Shares, including (i) 120,961,370 Shares and 7,366,000 Shares directly held by FFI and Nanjing BioSciKin Technology, both of which are controlled corporations of SIG and ultimately controlled by Mr. Ren Jinsheng; and (ii) an aggregate of 1,531,241,720 Shares directly held by SPHL and Artking, both of which are deemed to be acting in concert with SIG under the Takeovers Code. Mr. REN Jinsheng is the director of SIG.

(12) FFI directly held 120,961,370 Shares and is deemed to be interested in 1,654,867,298 Shares directly or indirectly held by SPHL, Artking and SIG, all of which are deemed to be acting in concert with FFI under the Takeovers Code. Mr. REN Jinsheng is the director of FFI.

Save as disclosed above, as of December 31, 2025, so far as is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENT PUBLIC FLOAT

In accordance with Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange has granted the Company a waiver and accepted a lower public float of 15.45% of the Company's issued share capital. During the Reporting Period and up to the date of this annual report, according to the public information obtainable by the Company and to the knowledge of the Directors, the Company has maintained the minimum public float to the extent permitted by the Stock Exchange.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, June 12, 2026. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 9, 2026 to Friday, June 12, 2026 (both days inclusive), during which no transfer of Shares will be registered. The record date will be Friday, June 12, 2026. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 8, 2026.

In order to determine the entitlement of Shareholders to the proposed final dividend, the register of members of the Company will be closed from Friday, June 19, 2026, to Wednesday, June 24, 2026 (both days inclusive), during which no transfer of Shares will be registered. The record date will be Wednesday, June 24, 2026. All transfer documents together with the relevant share certificates 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, Wan Chai, Hong Kong for registration not later than 4:30 pm on Thursday, June 18, 2026.

CORPORATE GOVERNANCE

Details of the principal corporate governance practices adopted by the Company are set out in the section of "Corporate Governance Report" of this annual report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems of the Group and the consolidated financial statements of the Group for the year ended December 31, 2025, and is of the opinion that these statements have complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure has been made.

AUDITOR

The consolidated financial statements for the year ended December 31, 2025 have been audited by KPMG, which will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution on the re-appointment of KPMG as the auditor of the Company will be proposed at the forthcoming AGM.

For and on behalf of the Board

Mr. REN Jinsheng

(Executive Director and Chairman)

March 25, 2026

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2025 (the "**Year**").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and promoting stringent corporate governance. The principles of the Group's corporate governance are to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, so as to ensure that its business and operation are conducted in accordance with applicable laws and regulations, enhance the transparency of the Board and strengthen the accountability to all Shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Save as disclosed in this report, the Group has complied with the code provisions contained in Part 2 of the CG Code during the Year.

CORPORATE GOVERNANCE FUNCTIONS

The Board is collectively responsible for performing the corporate governance functions set out in Code Provision A.2.1 of Part 2 of the CG Code, including at least the followings:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the directors; and
- to review the Company's compliance with the CG Code and disclosure in the annual report.

For the year ended December 31, 2025, the Board has reviewed and monitored the above-mentioned corporate governance functions.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all of the Directors, all Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

THE BOARD

Responsibilities of the Board

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

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

Delegation of Management Functions

The major powers and functions of the Board include but not limited to convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating profit distribution plans and plans on making up losses, as well as exercising other powers and functions as conferred by the Articles of Association of the Company (the "**Articles of Association**"). The Directors are responsible for preparing the accounts.

All Directors have full and timely access to all the information of the Company and advices from the joint company secretaries (the "**Joint Company Secretaries**") and senior management of the Company and may, where appropriate, request to seek independent professional advice for discharging their duties to the Company.

The Board is responsible for making decisions on strategic plans, major investment decisions and other significant operational issues of the Company, while responsibilities for implementing decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and tasks are subject to regular review. Prior approvals shall be obtained from the Board for any major transaction.

Composition of the Board

As of the date of this report, the Board comprised eight Directors, including four executive Directors and four independent non-executive Directors. The list of members of the Board and their positions are set out below:

Executive Directors

Mr. REN Jinsheng *(Chairman)*
Mr. TANG Renhong
Mr. WAN Yushan *(Chief Financial Officer and Joint Company Secretary)*
Ms. WANG Xi

Independent Non-executive Directors:

Mr. SONG Ruilin
Mr. WANG Jianguo
Mr. WANG Xinhua
Mr. SUNG Ka Woon

The biographies of each Director are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Mr. REN Jinsheng, the Chairman and an executive Director, and Ms. WANG Xi, an executive Director, are husband and wife. Apart from that, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members or the senior management of the Company.

Chairman and Chief Executive Officer

Under Code Provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

As of December 31, 2025, the roles of Chairman and Chief Executive Officer of the Company were not separated and Mr. REN Jinsheng currently performs these two roles. Mr. REN Jinsheng is the founder of the Group, the Chairman of the Board and the Chief Executive Officer of the Company. He has been primarily responsible for developing the Group's overall corporate business strategies and operation, as well as making significant business and operational decisions. The Directors jointly consider that vesting both the roles of the Chairman of the Board and the Chief Executive Officer of the Company in Mr. REN is beneficial to the Group's business prospects by ensuring consistent leadership to the Group as well as prompt and effective decision making and implementation. In addition, the Directors jointly believe that the structure of Mr. REN performing both roles will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) any decision to be made by the Board requires approval by at least a majority of Directors; (ii) Mr. REN and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; (iii) as of the date of this report, the balance of power and authority is ensured by the operations of the Board, which consists of four executive Directors (including Mr. REN) and four independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

Independent Non-executive Directors

The Board has been complying with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. In addition, according to Rule 3.10A of the Listing Rules, independent non-executive Directors must represent at least one-third of the Board. During the Year, the Company had four independent non-executive Directors, representing half of the members of the Board; therefore, the Company has complied with the relevant requirements.

According to Rule 3.13 of the Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their respective independence during the Year. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Year.

Appointment and Re-election

Code Provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association.

Each of the executive Directors, namely Mr. REN Jinsheng, Mr. TANG Renhong and Mr. WAN Yushan, has entered into a service contract with the Company on October 8, 2020, and renewed on June 15, 2023. Ms. WANG Xi, an executive Director, has entered into a service contract with the Company on January 18, 2023, and renewed on June 13, 2025. Each service contract is for a term of three years or until the third annual general meeting convened after the date of appointment, whichever is earlier. The service contract is subject to renewal pursuant to the Articles of Association and applicable laws, rules and regulations.

Each of the independent non-executive Directors, namely Mr. SONG Ruilin, Mr. WANG Xinhua and Mr. WANG Jianguo, has entered into an appointment letter with the Company on October 8, 2020, and renewed on June 15, 2023. Mr. SUNG Ka Woon, an independent non-executive Director, has entered into an appointment letter with the Company on January 18, 2023, and renewed on June 13, 2025. Each appointment letter is for a term of three years or until the third annual general meeting convened after the date of appointment, whichever is earlier. The appointment letter is subject to renewal pursuant to the Articles of Association and applicable laws, rules and regulations.

Pursuant to Article 111(a) of the Articles of Association, subject to the provisions of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but greater than one-third, shall retire from office by rotation. Subject to the provisions of the Ordinance, the Listing Rules and the Articles of Association, the Directors to retire in every year shall be those who have been longest in office since their last election, and as between persons who became Directors on the same day, the Directors to retire shall (unless otherwise agreed by themselves) be determined by lot. Every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

Pursuant to Article 111(a) of the Articles of Association, Mr. TANG Renhong, Mr. WAN Yushan and Mr. SONG Ruilin will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

BOARD MEETINGS AND GENERAL MEETINGS

For the year ended December 31, 2025, the Company held a total of eight Board meetings. At the Board meetings, the Board discussed a wide range of matters, including the Group's overall strategies, business prospects, financial and operating performance, approval of the Group's annual and interim results announcements and reports, regulatory compliance, corporate governance and other material matters.

For the year ended December 31, 2025, the Company convened one annual general meeting. The attendance of the below meetings by each Director is as follows:

	Board meetings		Annual general meeting	
Name of the Director	No. of Board meetings attended in person/ by proxy/ convened	Attendance rate of Board meetings	No. of annual general meeting attended in person/ convened	Attendance rate of annual general meeting
Executive Directors:				
Mr. REN Jinsheng	8/0/8	100%	1/1	100%
Mr. TANG Renhong	8/0/8	100%	1/1	100%
Mr. WAN Yushan	8/0/8	100%	1/1	100%
Ms. WANG Xi	8/0/8	100%	1/1	100%
Independent non-executive Directors:				
Mr. SONG Ruilin	8/0/8	100%	1/1	100%
Mr. WANG Jianguo	8/0/8	100%	1/1	100%
Mr. WANG Xinhua	8/0/8	100%	1/1	100%
Mr. SUNG Ka Woon	8/0/8	100%	1/1	100%

The Company fully complies with the Code Provision C.5.1 of Part 2 of the CG Code and adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

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

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is convened. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner, and may seek independent professional advice at the Company's expense after making reasonable request to the Board.

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations (if appointed). In addition, the Company also arranges regular seminars and provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Company encourages Directors to participate in continuous professional development to develop and refresh their knowledge and skills.

During the Year, all directors have received directors' training through written materials. Directors' training is mainly about updates on regulatory compliance of listed companies in Hong Kong, continuing obligations of listed companies, responsibilities of Directors, environmental, social and governance (ESG) disclosure requirements and value of sustainable development, regulation practices on disclosing information of listed companies and employee incentive schemes, etc.

Name of the Director	Attending or participating in relevant seminars/ reading relevant materials
Executive Directors:	
Mr. REN Jinsheng	✓
Mr. TANG Renhong	✓
Mr. WAN Yushan	✓
Ms. WANG Xi	✓
Independent non-executive Directors:	
Mr. SONG Ruilin	✓
Mr. WANG Jianguo	✓
Mr. WANG Xinhua	✓
Mr. SUNG Ka Woon	✓

COMMITTEES UNDER THE BOARD OF DIRECTORS

Audit Committee

The Group established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board.

The Audit Committee consists of three members, all of which are independent non-executive Directors, namely Mr. WANG Xinhua, Mr. SONG Ruilin and Mr. WANG Jianguo. The chairperson of the Audit Committee is Mr. WANG Xinhua. Mr. WANG Xinhua possesses the appropriate professional qualifications and accounting and related financial management expertise.

In accordance with the written terms of reference of the Audit Committee, it should convene at least two meetings in each fiscal year.

During the Year, the Company held four meetings of the Audit Committee, the major works include: (i) review and discuss the report to the Audit Committee prepared by the auditors, KPMG, and the matters the Audit Committee should pay attention to as recommended by the auditors; (ii) review and discuss the Report of the Risk Management and Internal Control Systems and to review the risk management (including ESG risks) and internal control systems of the Group; (iii) review and discuss the draft audited consolidated financial statements; the draft annual results announcement and the draft annual report of the Group for the year ended December 31, 2024 and, if appropriate, make recommendations to the Board; (iv) review and discuss the draft of letter of representation prepared by the auditors, KPMG and make recommendations to the Board; (v) consider and make recommendations to the Board on the reappointment of KPMG as the Company's independent external auditors for a term until the conclusion of the next annual general meeting of the Company; (vi) review and discuss the draft unaudited interim consolidated financial statements, the draft interim results announcement and the draft interim report of the Group for the six months ended June 30, 2025, and make suggestions to the Board of Directors, if appropriate; and (vii) review the discloseable transactions, connected transactions and continuing connected transactions conducted up to the date of this report.

During the year of 2025, the Audit Committee held two meetings with the external auditor without the attendance of executive Directors, to discuss the Group's annual financial results for 2024, interim financial results for 2025 and the annual audit plan.

The attendance record of members of the Audit Committee is listed in the table below:

Name of the members of the committee	No. of meetings attended in person/ in proxy by other Directors/convened
Mr. WANG Xinhua *(Chairman)*	4/0/4
Mr. SONG Ruilin	4/0/4
Mr. WANG Jianguo	4/0/4

The Audit Committee held a meeting on March 25, 2026 to review the annual financial results for 2025 and re-appoint the external auditor. The audited annual results of the Group for the year ended December 31, 2025 have been reviewed by the Audit Committee, which is of the opinion that the preparation of the relevant financial statements complies with the applicable accounting standards and requirements and that adequate disclosures have been made. Members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management (including ESG risks) and financial reporting matters including the review of the annual results and the consolidated financial statements of the Group for the year ended December 31, 2025.

Remuneration and Appraisal Committee

In accordance with the CG Code, the Company has established a Remuneration and Appraisal Committee (the "**Remuneration and Appraisal Committee**") with written terms of reference. The primary duties of the Remuneration and Appraisal Committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, assess the performance of executive directors, determine and approve the terms of the specific services contract remuneration package of each executive Director and senior management and review and approve remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time; and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

As of December 31, 2025, the Remuneration and Appraisal Committee consists of five members, including three independent non-executive Directors, namely Mr. WANG Jianguo, Mr. WANG Xinhua, Mr. SUNG Ka Woon, and two executive Directors, namely Mr. REN Jinsheng and Mr. WAN Yushan. The chairperson of the Remuneration and Appraisal Committee is Mr. WANG Jianguo.

During the Year, the Remuneration and Appraisal Committee held four meetings to consider and make recommendations to the Board on the remuneration policies and structure of the Company, remuneration and other benefits of the Directors and senior management, to consider the grant of RSUs under the 2021 RSU Scheme and other related matters.

The attendance record of members of the Remuneration and Appraisal Committee is listed in the table below:

Name of the members of the committee	No. of meetings attended in person/ in proxy by other Directors/convened
Mr. WANG Jianguo *(Chairman)*	4/0/4
Mr. WANG Xinhua	4/0/4
Mr. SUNG Ka Woon	4/0/4
Mr. REN Jinsheng	4/0/4
Mr. WAN Yushan	4/0/4

Pursuant to the Code Provision E.1.5 of Part 2 of the CG Code, the following table sets out the total remuneration (excluding equity-settled share expenses) of Directors and senior management members for the year ended December 31, 2025 by the relevant remuneration band only:

Group	Remuneration (RMB)	Number of Directors	Number of senior management	Total number of individuals
1	0-1,000,000	4	–	4
2	1,500,001-2,000,000	1	–	1
3	2,500,001-3,000,000	–	1	1
4	3,000,001-3,500,000	–	1	1
5	4,000,001-4,500,000	–	1	1
6	5,500,001-6,000,000	–	1	1
7	6,000,001-6,500,000	1	1	2
8	8,000,001-8,500,000	1	–	1
9	9,500,001-10,000,000	1	–	1

Further details of the Directors' remuneration and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules are set out in Notes 8 and 9 to the financial statements.

Nomination Committee

In accordance with the CG Code, the Company has established a Nomination Committee (the "**Nomination Committee**") with written terms of reference. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and senior management on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board and senior management, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship and senior management members, ensure the diversity of the Board and senior management members, assess the independence of our independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of our Directors and senior management members and succession planning for our Directors and senior management members.

As of December 31, 2025, the Nomination Committee consists of five members, including three independent non-executive Directors, namely Mr. SONG Ruilin, Mr. WANG Jianguo, Mr. SUNG Ka Woon, and two executive Directors, namely Mr. REN Jinsheng and Ms. WANG Xi. The chairperson of the Nomination Committee is Mr. SONG Ruilin.

During the Year, the Nomination Committee held two meetings to review the structure, size and composition of the Board, review the Board diversity policy and its progress, assess the independence of the independent non-executive Directors and make recommendations to the Board on re-election of the retiring directors at the annual general meeting. The Nomination Committee will consider the diversity of Board members from a variety of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, length of service and industry and regional experience. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

The attendance record of members of the Nomination Committee is listed in the table below:

Name of the members of the committee	No. of meetings attended in person/ in proxy by other Directors/convened
Mr. SONG Ruilin *(Chairman)*	2/0/2
Mr. WANG Jianguo	2/0/2
Mr. SUNG Ka Woon	2/0/2
Mr. REN Jinsheng	2/0/2
Ms. WANG Xi	2/0/2

Strategy Committee

The Company has established a Strategy Committee with written terms of reference in compliance with the requirements under the Listing Rules.

The Strategy Committee consists of three members, including two executive Directors, namely Mr. REN Jinsheng and Mr. TANG Renhong, and one independent non-executive Director, namely Mr. WANG Jianguo. The chairperson of the Strategy Committee is Mr. REN Jinsheng.

The primary duties of the Strategy Committee are to review and make suggestions in respect of mid- to long-term development strategies, annual operation plans, major investments and financings, major business reorganization as well as business and market expansion, and formulation and implementation of ESG goals of the Company.

During the Year, the Strategy Committee held three meetings to assess industry trends, review operating condition, explore long-term planning of the Company, formulate corresponding ESG plans and implement ESG goals.

The attendance record of members of the Strategy Committee is listed in the table below:

Name of the members of the committee	No. of meetings attended in person/ in proxy by other Directors/convened
Mr. REN Jinsheng *(Chairman)*	3/0/3
Mr. TANG Renhong	3/0/3
Mr. WANG Jianguo	3/0/3

Directors Nomination Policy

In accordance with the Company's director nomination policy, the Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

- Skills, experience and expertise: The candidate should possess the skills, knowledge, experience and expertise which are relevant to the operations of the Company and its subsidiaries.
- Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board diversity policy of the Company.
- Commitment: The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other Board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive Director and will be holding his/her seventh(or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board and Board Committee meetings.
- Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity to serve as a Director, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director.
- Independence: For the candidate who is proposed as an independent non-executive Director, he or she must satisfy all the independence requirements as set out in Rule 3.13 of the Listing Rules. Where appropriate, the Nomination Committee shall also evaluate the education, qualifications and experience of the candidates in a holistic manner to consider whether they possess appropriate professional qualifications, accounting or related financial management expertise to act as independent non-executive Directors.

The Nomination Committee is responsible for monitoring the implementation of the Directors nomination policy and reviewing the nomination policy from time to time as appropriate to ensure the effectiveness of the nomination policy.

The Nomination Committee will recommend to the Board for the appointment of directors (including independent non-executive Directors) in accordance with the following nomination procedures:

- If the Nomination Committee determines that additional appointment or replacement of the Director(s) is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate;
- The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by the Shareholders of the Group as a nominee for election to the Board and the appointment or reappointment of Directors and succession planning for Directors is subject to the approval of the Board;
- On making recommendation, the Nomination Committee may submit the candidate's personal profile and a proposal to the Board for the Board's consideration. In order to be a valid proposal, the proposal must clearly indicate the nominating intention and the candidate's consent to be nominated and the personal profile must incorporate and/or accompanied by the full particulars of the candidate that are required to be disclosed under the Listing Rules, including the information and/or confirmation required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time;
- The Board shall observe its Board diversity policy and shall, subject to merit and suitability, continue in its endeavours to introduce more diversity into the Board, taking into account professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving Board diversity; and
- Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the nomination policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Nomination Committee is responsible for monitoring the implementation of the Directors nomination policy and reviewing the nomination policy from time to time as appropriate to ensure the effectiveness of the nomination policy.

WORKFORCE DIVERSITY

The Company formulated workforce diversity policy during the Reporting Period. The Group is committed to creating an inclusive, diverse, and supportive workplace where all employees, regardless of gender, sexual orientation, religious belief, age, marital status, professional and work experience, cultural and educational background, length of service and industry experience or other characteristics protected by applicable laws, are valued, respected, and treated fairly with equal access to opportunities.

The Company will strive to maintain the predetermined level of 20% female senior management and 20% female employees. The Nomination Committee shall monitor the Company's progress on its effort to embed the principles of diversity within its workplace, discuss and consider the measurable objectives set for implementing workforce diversity policy and the process made in achieving the measurable objectives (in particular, the gender diversity targets) annually, and may recommend revisions to the Board for approval.

THE MECHANISM WHERE THE BOARD CAN OBTAIN INDEPENDENT VIEWS AND ADVICE

The Board has adopted a mechanism where the Board can obtain independent views and advice on August 31, 2022. Such mechanism aims at facilitating the Company to establish a mechanism to ensure the Board to possess stronger independent elements, which will be one of the key factors to enhance the Board's efficiency. The Board shall review the execution and effect of this policy once a year. The Board has reviewed the mechanism where the Board can obtain independent views and advice on March 24, 2025, and the Board is of the opinion that the mechanism where the Board can obtain independent views and advice is effective.

In the mechanism where the Board can obtain independent views and advice, the considerations for the Board to obtain independent views and advice are as follows:

(a) Channels for the Directors to Seek Advice from Independent Professional Consultants

According to the requirements of code provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, the Board shall agree on a procedure to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The Board shall resolve to provide separate independent professional advice to the Directors to assist them to perform their responsibilities to the issuer. The Nomination Committee and the Remuneration and Appraisal Committee shall also be provided sufficient resources by the issuer to perform their duties.

For this purpose, the Directors, members of the Nomination Committee or members of the Remuneration and Appraisal Committee of the Company can seek independent professional advice according to the following procedures at the Company's expense, so as to perform their responsibilities:

- A Director makes reasonable request to the secretary to the Board and specify reasons and the responsibilities to be performed.
- Upon receiving the request from a Director, the secretary to the Board shall report to the Chairman of the Board or designated authorised Director as soon as practicable and propose to the Board for granting approval of such request.
- After the Board resolves to approve the relevant requests, the secretary to the Board shall make relevant arrangements as soon as possible to appoint a professional consultant. The selected professional consultant shall be agreed by the Chairman of the Board or designated authorised Director and the Director who make the requisition, and shall not be the consultant used to be engaged by the Company.
- The secretary to the Board shall arrange the independent professional consultants to provide advice.
- The secretary to the Board shall report the relevant arrangements to the Board and keep records.

If the Board and the Director who makes the requisition cannot reach consensus on the appointment of professional consultant, the decision of the Board shall be final and binding.

(b) Seeking Information by Directors

For the matters to be discussed on Board meetings, the Directors have the right to seek further information and documents from the management. The Directors shall also perform due diligence and make independent judgments themselves and shall not solely rely on professional advisers or the information volunteered by the management. To assist the Directors to duly perform their duties and timely discover potential issues, the management shall also provide all relevant documents and information to the Directors, including but not limited to:

- board papers and background information;
- disclosure documents;
- specific project plans and budgets;
- projections and monthly financial updates; and
- supporting information of new project proposals by management.

(c) Qualifications of Independent Non-executive Directors

The Nomination Committee and the Board nominates and appoints independent non-executive Directors according to the nomination policy of the Company. When considering independent non-executive Directors, apart from taking into account their independence as required under the Listing Rules, the Company will also consider whether they are industry practitioners or experts in the Company's business, or have other skills and experience in other areas (e.g. laws and accounting), so as to enhance the Board members' composition of skills, experience and diversity of perspectives.

Independent non-executive Directors shall possess the following functions to provide independent views and advices:

- keeping abreast of the latest information of the businesses of the Company, participating in supervising the Company's performance on achieving established corporate goals and objectives and monitoring relevant reporting process;
- providing independent advice on issues of strategy, policy, corporate performance, accountability, resources, key appointments and standards of conduct, and assist in reviewing certain major decisions of the Board and the Company's performance on corporate goals as well as monitoring relevant reporting process;
- taking the lead where potential conflicts of interests arise; and
- serving as a member of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and other governance committees, if invited.

(d) Number of Independent Non-executive Directors and the Time Committed

- The Board shall include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. There shall be at least three independent non-executive Directors among the Board members (one of whom must have appropriate professional qualifications or accounting or related financial management expertise) and the independent non-executive Directors shall represent at least one-third of the Board, so as to comply with the requirements of the Listing Rules.
- The independent non-executive Directors shall ensure to devote sufficient time and energy to handle such tasks and shall fully engage in the Company's affairs in the Board and other time after the meeting. The independent non-executive Directors who hold directorships in a number of companies or hold important positions in the government or non-profit organizations shall devote sufficient attention to the Board and Board committees.
- If the proposed independent non-executive Directors will be holding their seventh (or more) directorships in listed companies, the Board shall comprehensively considers and explain in the shareholder circular why the Board believes such individual would still be able to devote sufficient time to the Board.
- The Chairman of the Board shall hold at least one meeting with the independent non-executive Directors without the presence of other Directors annually to discuss any doubts or concerns.
- The independent non-executive Directors shall attend general meetings, Board meetings and committee meetings which they serve as a committee member. If they are unable to attend such meetings, it is necessary for them to provide reasons to the Board and relevant committees and make relevant records.

(e) Remuneration

The independent non-executive Directors have not received equity-based remuneration with performance-related elements (e.g. share options or share awards), as this may lead to bias in their decision-making and compromise their objectivity and independence.

BOARD DIVERSITY POLICY

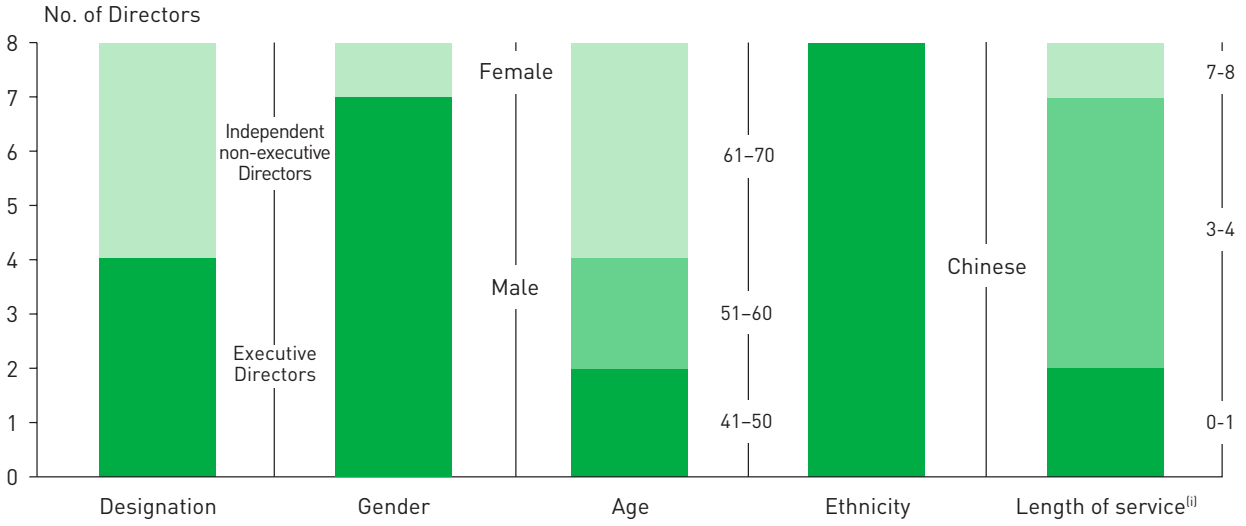
The Company has adopted a Board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, business operation, accounting and financial management, pharmaceutical research and development. They obtained degrees in various majors or certifications, including in economics, business administration, marketing, law, accounting and pharmacy. The Company has four independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. In addition, the Board has a wide range of age, ranging from 43 years old to 70 years old. In 2025, the Board of the Company was composed of seven male Directors and one female Director. The Company has adopted certain measures at all levels (including but not limited to the Board and management levels) to promote gender diversity. Currently, there is one female Director in the Board, representing a female representation of approximately 12%. At the same time, the Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the management levels. Going forward, the Company will consider the possibility of nominating more female senior management to the Board or appointing a female independent non-executive Director who has the necessary skills and experience. The Company targets to achieve 20% female representation in the Board in the coming two years, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of the Company and our Shareholders as a whole when deliberating on the appointment. To develop a pipeline of potential female successors to the Board, the Company will (i) ensure that there is gender diversity when recruiting staff at mid to senior levels; and (ii) engage more resources in training female staff with the aim of promoting them to be members of our senior management or the Board.

As at December 31, 2025, male employees accounted for 47.8% and female employees accounted for 52.2% of all employees (including senior management) of the Group. We are committed to creating favorable conditions in our working environment to hire more staff and promote more women to hold senior management positions based on the qualifications, experience and skills required for those positions. In addition, we may face the issue of whether the supply of female personnel in the human resources market matches the academic qualifications, experience and skills required for positions within the Group. Despite these challenges, we are still moving towards gender balance.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will monitor the implementation of the diversity policy and review the Board diversity policy from time to time to ensure its continued effectiveness. The Board has reviewed the Board diversity policy on March 24, 2025 and the Board is of the opinion that the implementation of Board diversity policy is effective.

The graph below sets forth the diversity profile of the Board as at December 31, 2025:



Note:

(i) The length of service is calculated from the date of appointment of the Director(s) by the Company to December 31, 2025.

COMPANY SECRETARIES

Mr. WAN Yushan, an executive Director and the chief financial officer of the Company, serves as a Joint Company Secretary of the Company. Mr. WAN Yushan is responsible for making recommendations and proposals to the Board on issues related to corporate governance, and ensuring that Board policies and procedures as well as applicable laws, rules and regulations are strictly followed.

In order to maintain sound corporate governance and to ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also appointed Ms. WONG Wai Ling of SWCS Corporate Services Group (Hong Kong) Limited, as the Company's Joint Company Secretary, to assist Mr. WAN Yushan in discharging the duties of a company secretary. Mr. WAN Yushan has attended trainings on, among other things, laws and regulations, Listing Rules, director duties, rules on information disclosure, rules on connected transactions, notifiable transactions, equity management of securities companies, directors' and supervisors' securities dealings, disclosure of interests, market misconduct and the implementation of relevant internal policies.

During the year ended December 31, 2025, each of Mr. WAN Yushan and Ms. WONG Wai Ling has received not less than 15 hours of relevant professional training respectively.

As at the date of this annual report, Ms. WONG Wai Ling has resigned as Joint Company Secretary of the Company and Ms. Mak Po Man Cherie has been appointed in her place as Joint Company Secretary with effect from March 25, 2026. Mr. WAN Yushan will remain as the other Joint Company Secretary. The Stock Exchange has confirmed that Mr. Wan has satisfied the requirements under Rule 3.28 of the Listing Rules of the Stock Exchange and is qualified to act as the company secretary of the Company.

All directors have access to advice and services from the joint company secretaries in relation to corporate governance and Board practices.

DIVIDEND POLICY

The Company formulated the dividend policy (the "**Dividend Policy**") during the Reporting Period. In determining the distribution of dividends, the Board shall assess and declare dividends after taking into comprehensive consideration the Company's profit performance, cash flow position, future operations and earnings, capital requirements and surplus, overall financial condition, contractual restrictions, and such other factors as the Directors may deem relevant. Any declaration and payment as well as the amount of dividends will be subject to Articles of Association and the Companies Ordinance, including the approval of our Shareholders.

The Board shall be responsible for formulating the dividend distribution plan, taking into account specific factors such as the industry characteristics of the Company, the stage of the Company's development, and its capital requirements when proposing the preliminary dividend distribution proposal. In the event that the Company is unable to determine the dividend distribution plan for the relevant year in accordance with the Dividend Policy due to exceptional external circumstances or its own operational needs, the Company shall give full consideration to the interests of shareholders and shall disclose the specific reasons and provide an explanation. As of the date of this annual report, all dividend decisions made by the Board were made in accordance with the Company's dividend policy.

LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has maintained insurance for all the directors and senior management members to minimum the potential risks which may occur to them during their normal performance of duties.

RESPONSIBILITIES OF THE DIRECTORS FOR FINANCIAL STATEMENTS

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

The Directors are not aware of any material uncertainties involving events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The statement of the Company's independent auditor regarding its reporting responsibilities on the financial statements is included in the Independent Auditor's Report on pages 109 to 116 of this annual report.

AUDITORS' REMUNERATION

For the year ended December 31, 2025, the Company appointed KPMG as its independent auditors. The total fees paid/payable for audit and non-audit services provided by the Group's independent auditors for the year ended December 31, 2025, excluding disbursements made on behalf of the Company, are as follows:

Service provided	Fees paid/payable (RMB'000)
Audit services of the Company	**4,300**
Other audit related and non-audit services	**2,705**

RISK MANAGEMENT AND INTERNAL CONTROL

The overall objectives of the Group's risk management are to ensure that risks are controlled within an acceptable limits appropriate to the overall objectives, to ensure compliance with relevant laws and regulations, to ensure the implementation of the Group's relevant rules and regulations and major measures taken to achieve business objectives, to ensure the effectiveness of management, to improve the efficiency and effectiveness of business activities, to reduce uncertainty in achieving business objectives, to ensure that a crisis management plan is in place for subsequent management upon occurrence of various significant risks and to ensure that the Company is free of significant loss arising from catastrophic risks or human error. Our risk management system follows the principles of comprehensiveness, prudence, independence, effectiveness and timeliness to ensure the optimized use of the system.

The Group's risk management process consists of five steps: risk identification, risk assessment, risk management strategy selection, risk response and rectification and risk management supervision and improvement. Our internal audit function is performed by the compliance and audit department, which reports directly to the Audit Committee. The Group has separately set an audit department directly reporting to the compliance and audit department, which conducts routine random audits and special audits in accordance with the regulations of each business functions of the Company. In respect of regular random audits, the compliance and audit department prepares the audit plan for the coming year on an annual basis, and carries out the relevant works as per the scheduled timetable. In addition to the regular audits, the compliance and audit department also conducts special audits from time to time based on particular reports and issues identified during the regular random audits. Notices would be issued and notified, in different levels, in respect of the issues identified during the regular random audits and special audits from time to time by the compliance and audit department depending on the seriousness of the incidents.

Each business entity of the Group is responsible for identifying, assessing and managing the risks within its scope of business. They will develop their respective internal control system for effective risk management and develop action plans to manage the risks catering for the risks identified and assessed, so as to ensure that the associated risks are effectively controlled in line with the Group's risk appetite.

Management is responsible for monitoring the Group's risk management and internal control activities and holds regular meetings with the business entities to ensure that key risks have been properly managed and newly identified or evolving risks have been identified. Besides, the internal control and compliance related departments will also monitor the internal operations of the Group from time to time.

The Board is responsible for examining and reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, including financial monitoring, operating monitoring and compliance monitoring. The Board also is responsible for reviewing the annual report and taking advice from the Audit Committee.

The Group is committed to fostering an open and trustworthy whistleblowing environment to prevent and eliminate internal corruption, bribery and other improper matters. The Company strictly implements a case-by-case registration and encrypted storage procedure for all whistleblowing information, maintains strict control over the scope of personnel with access to such information, redacts the personal particulars of whistleblowers, and resolutely safeguards against any form of retaliation, thereby protecting the rights and interests of whistleblowers. The audit committee of the Company is responsible for reviewing arrangements that employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and for ensuring that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action. During the year ended December 31, 2025, the Company continued to organize anti-corruption training and awareness sessions to cultivate a culture of integrity, and proactively conducted anti-corruption training and review exercises to ensure the effective implementation of relevant policies.

The Board reviews the effectiveness of risk management and internal control system once a year and has reviewed the effectiveness of the risk management and internal control system for the year ended December 31, 2025 and has covered all important monitoring aspects, including financial monitoring, operational monitoring and compliance monitoring, and the Board has obtained management's confirmation on the effectiveness of the risk management and internal control system of the Company. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions as well as the performance and reporting of environmental, social and governance to be adequate. The review was conducted through discussions with the management of the Company, its external auditors and the assessment performed by the Audit Committee. The Board is also of the opinion that there is neither material failure of risk control, nor has it identified any major weakness in risk control. The Company has strictly complied with the requirements under the Corporate Governance Code in relation to risk management and internal control, and the Board assesses that the Company's risk management and internal control system is effective and adequate.

The Board acknowledges that it is accountable for the risk management and internal control systems and has the responsibility to review the effectiveness of such systems. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance that there will be no material misrepresentation or loss. In addition, the Group will still take further steps to improve its risk management and internal control systems continuously.

The Company is aware of its responsibilities under the SFO and the Listing Rules with respect to the procedures and internal controls over the handling and dissemination of inside information, and the overriding principle is that if some information is determined as inside information, it should be announced as soon as reasonably practicable and handled with close regard to applicable laws and regulations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

With the recognition of the importance of environmental protection to the pursuit of long-term sustainable development, the Group has formulated various internal systems of energy conservation and emission reduction and promoted energy conservation and emission reduction measures, including put forward environmental management goals, monitor emissions, encourage staff to conserve energy and reduce consumption. The Group is committed to improving the sustainable development of the environment and will closely monitor its performance. The Group has always strictly complied with the applicable laws and regulations in the place of operation, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), which have been supported and effectively implemented by employees. During the year ended December 31, 2025, the Group has not suffered any material fines or other material penalties for the violation of any health, safety or environmental regulations. For details, please refer to the 2024 Environmental, Social and Governance Report, which will be published independently by the Group.

SHAREHOLDERS' RIGHTS

According to the Articles of Association and the Companies Ordinance, Shareholders of the Company may: (i) move a requisition to move a resolution at the AGM; (ii) requisition to convene an extraordinary general meeting; and (iii) propose a person for election as a Director at a general meeting.

(i) Requisition to Move a Resolution at an AGM

The Company holds a general meeting as its AGM every year. In accordance with sections 615 and 616 of the Companies Ordinance, a requisition to move a resolution at the AGM may be submitted by any number of Shareholders representing not less than one-fortieth (2.5%) of the total voting rights of all Shareholders having the right to vote on that resolution at the AGM, or not less than 50 Shareholders having the right to vote on that resolution at the AGM. The requisition must identify the resolution and must be signed by all the applicant. The requisition must be deposited at the Registered Office (as defined below) of the Company, for the attention of the Joint Company Secretaries, not later than 6 weeks before the AGM to which the request relates, or if later, when the Notice of AGM is dispatched.

(ii) Requisition to Convene an EGM

Shareholders holding not less than one-twentieth (5%) of the total voting rights of all the members having a right to vote at general meetings of the Company can deposit a requisition to convene an EGM pursuant to sections 566 to 568 of the Companies Ordinance.

The requisition must state the general nature of the business to be dealt with at the meeting, and must be signed by the applicant. The requisition must be deposited at the Registered Office (as defined below) of the Company for the attention of the Joint Company Secretaries.

(iii) Proposing a Person for Election as a Director at a General Meeting

If a Shareholder wishes to propose a person for election as a Director at a general meeting, he/she must give a written notice to that effect to the Joint Company Secretaries. The written notice must include the personal information of the person proposed for election as a Director as required by Rule 13.51(2) of the Listing Rules and be signed by such Shareholder and the person proposed for election as a Director indicating his/her willingness to be appointed or re-appointed and consent of publication of his/her personal information. Such notice shall be given within the period (or a longer period as may be determined by the Directors from time to time) commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than seven days prior to the date appointed for such meeting. Such details and procedures are available in our website.

For requesting the Company to circulate to Shareholders a statement with respect to a matter mentioned in a proposed resolution or any other business to be dealt with at a general meeting, Shareholders are requested to follow the requirements and procedures as set out in section 580 of the Companies Ordinance.

Procedure in relation to Raising Enquiry and Concerns with the Board

Shareholders of the Company wishing to make any enquiry to the Board may do so in writing to the Company since verbal or anonymous ones would not generally be dealt with by the Company.

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

Contact details

Mailing address:	Unit 703, 7/F, Building 20E, Phase Three, Hong Kong Science Park Shatin, New Territories, Hong Kong (the "**Registered Office**")
Attention:	Joint Company Secretaries
Email:	ir@simcere.com

For any enquiry concerning our Shares, Shareholders are advised to directly check with our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. The contact details of Computershare Hong Kong Investor Services Limited are as follows:

Computershare Hong Kong Investor Services Limited

Address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Telephone:	+852 2862 8555
Website:	www.computershare.com/hk/contact

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company has adopted the Shareholders' Communication Policy. The Board has reviewed the Shareholders' Communication Policy on March 24, 2025 and the Company has maintained communications with Shareholders according to the communication strategies set out in the Shareholders' Communication Policy, where the Shareholders can raise questions to the Directors at the annual general meeting held on June 13, 2025, thus the Board is of the opinion that the Shareholders' Communication Policy is implemented appropriately and effective.

The Shareholders' Communication Policy includes the followings:

General Policies

- The Board shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review this Shareholders' Communication Policy to ensure its effectiveness.
- Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened; and publish all the disclosures submitted to the Stock Exchange, corporate communications and other corporate publications on the Company's website.
- Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding this Policy shall be directed to the Joint Company Secretaries.

Communication Strategies

Shareholders' enquiries

- Shareholders should direct their questions about their shareholdings to the Company's Share Registrar.
- Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.
- Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry methods of the Company in order to enable them to make any query in respect of the Company.

*Corporate Communication**

- Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).
- Shareholders are encouraged to provide, amongst other things, their email addresses to the Company in order to facilitate timely and effective communications.

Company's website

- A dedicated "Investor Relations" section is available on the Company's website (www.simcere.com). Information on such website is updated on a regular basis.
- Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such Information on website includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.
- All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website as soon as practicable after their release.

* "Corporate Communication" refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the directors' report and annual accounts together with the auditor's report, the interim report, a notice of meeting, a circular and a proxy form.

General Meetings

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
- Appropriate arrangements for the annual general meetings shall be in place to encourage Shareholders' participation.
- The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.
- Board members, in particular, either the chairman of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.
- Shareholders are encouraged to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan, products and services, will be communicated.

The general meeting of the Company is an effective communication channel between the Board and shareholders. As such, the Board members attended the annual general meeting held on June 13, 2025 to provide shareholders with opportunities to understand the latest development of the Group and raise questions. The details of attendance of each Director at the annual general meeting of the Company held in 2025 are listed in the section headed "Board Meetings and General Meetings" in this Corporate Governance Report.

Communications with the Investment Market

- The Company will organize various events regularly, which include briefing sessions to and private meetings with investors/analysts, holding domestic and international roadshows, media interviews and investor promotions, as well as organizing/participating in industry thematic forums, so as to facilitate communication between the Company and its Shareholders and investors.
- The Directors and employees of the Company who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the "Inside Information Disclosure Policy" of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There is no amendments to the Articles of Association of the Company during the Year.

Biographical details of the Directors and the senior management of the Company are updated as of the date of this report.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. REN Jinsheng (任晉生), aged 63, is the founder, an executive Director and the chairman of the Board. He is primarily responsible for the formulation of the Group's overall corporate strategy, organizational capacity building, major investment decisions and products license-in and license-out of the Group.

With more than 40 years of industry experience, Mr. REN has gained in-depth understanding of the pharmaceutical industry and acquired rich management experience. At the very beginning of the Group's operations, Mr. REN became the general manager of Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司) ("**Jiangsu Simcere**") at the time of its establishment in March 1995, and has subsequently been the chairman of the board to date and the chief executive officer of the Group until March 2026. Mr. REN also served as the chairman of the board of various subsidiaries within the Group, including but not limited to Jiangsu Simcere from April 2004 to April 2026, Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) ("**Hainan Simcere**") from April 2001 to February 2026, Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) ("**Simcere Pharmaceutical**") from February 2003 to March 2026. Prior to the foundation of the Group, Mr. REN served as the manager of the new special drugs business department of Jiangsu Pharmaceutical Industry Co., Ltd. (江蘇省醫藥工業有限公司) from November 1992 to March 1995. Prior to that, Mr. REN worked at Qidong Pharmaceutical Factory ((啟東製藥廠), now known as Qidong branch of Bayer Healthcare (拜耳醫藥啟東分公司)) from February 1982 to November 1992. In addition, Mr. REN was also the vice president of the China Pharmaceutical Innovation Promotion Association (中國醫藥創新促進會), the vice president of Jiangsu Chamber of Commerce (江蘇省商會) and the vice president of Nanjing Federation of Industry and Commerce (南京市工商聯).

Mr. REN graduated with a college diploma in traditional Chinese pharmacology from Nanjing University of Chinese Medicine (南京中醫藥大學) (formerly known as Nanjing College of Chinese Medicine (南京中醫學院)) in January 1982. He also graduated with a master's degree in business administration from Nanjing Normal University (南京師範大學) in December 1996. Mr. REN was certified as a senior researcher (natural science series) and a senior economist by Jiangsu Human Resources and Social Security Department (江蘇省人力資源與社會保障廳) in January 2020 and November 2010, respectively.

Over the years, Mr. REN has received many awards and accolades acknowledging his contributions and accomplishments in the pharmaceutical industry, examples of which are set out below:

Honor/Award	Awarding Body	Timing of granting the award
Top 10 leaders in China's pharmaceutical industry (中國醫藥行業十大領軍人物)	National Federation of Industry and Commerce Pharmaceutical Merchants Association (全國工商業聯合會醫藥商協會)	May 2016
First prize of the Science and Technology Award of Hainan Province (海南省科學技術一等獎)	The People's Government of Hainan Province (海南省人民政府)	December 2014; January 2005
Special Government Allowances (政府特殊津貼)	State Council (國務院)	March 2011
Jiangsu Innovation and Entrepreneurship Talent Award (江蘇創新創業人才獎)	Jiangsu Committee of the Communist Party of China (中共江蘇省委); The People's Government of Jiangsu Province (江蘇省人民政府)	June 2010
National Labor Medal (全國五一勞動獎章)	All-China Federation of Trade Unions (中華全國總工會)	April 2007
Second prize of National Science and Technology Progress Award (國家科學技術進步二等獎)	State Council (國務院)	November 2005

Mr. TANG Renhong (唐任宏), aged 46, is an executive Director of the Company and the chairman of the board of directors and the chief executive officer of Simcere Zaiming Pharmaceutical Co., Ltd. (先聲再明醫藥有限公司) ("**Simcere Zaiming**"), a subsidiary of the Company. Mr. TANG is committed to the overall leading of Simcere Zaiming, which is responsible for the research and development, production and marketing of oncology pharmaceuticals of the Group.

Mr. TANG has nearly 16 years of experience in pharmaceutical research and development and management of pharmaceutical companies. Mr. TANG joined the Group acting as the vice president in May 2019. He was officially appointed as an executive Director and the vice president of the Company on November 19, 2019 and further appointed as the senior vice president, the executive vice president and the co-chief executive officer (the "**Co-CEO**") of the Company on June 1, 2020, March 31, 2021 and May 25, 2022, respectively. Mr. TANG resigned as the Co-CEO of the Company on December 31, 2022 and was appointed as the chairman of the board of directors and the chief executive officer of Simcere Zaiming on January 1, 2023.

Prior to joining Simcere, he served as the vice general manager of Shanghai Shengdi Pharmaceutical Co., Ltd. (上海盛迪醫藥有限公司) from September 2017 to May 2019. From September 2013 to August 2017, Mr. TANG worked as the associate director of China Innovation Center of Astrazeneca Investment (China) Co., Ltd. (阿斯利康投資（中國）有限公司). Before that, he worked at the Novo Nordisk Research Centre China (諾和諾德中國研究發展中心) from June 2009 to September 2013 with the last position there being the head of department. At the beginning of his career, he was a postdoctoral researcher at the University of California, San Francisco from April 2007 to May 2009.

Mr. TANG obtained a bachelor's degree in biotechnology from Shanghai Jiao Tong University (上海交通大學) in July 2002. He also obtained a Ph.D. in molecular cell biology from Nanyang Technological University in April 2007.

Mr. WAN Yushan (萬玉山), aged 55, is an executive Director, the chief financial officer and one of the joint company secretaries of the Company. He is primarily responsible for the financial, legal and compliance management, formulating financial strategies and in charge of the process and information business of the Group.

Mr. WAN has over 25 years of experience with the Group where he has accumulated knowledge and skills required in the financial management of the Group. Mr. WAN joined the Group in May 2000 and has assumed various positions successively since then, including the financial controller, general manager of financial department, vice president and chief financial officer. On November 19, 2019, Mr. WAN was officially appointed as an executive Director and the chief financial officer of the Company. He was also the director of several subsidiaries of the Company including, among others, Hainan Simcere from July 2011 to February 2026 and Simcere Pharmaceutical from July 2017 to March 2026.

Mr. WAN obtained a bachelor's degree in biochemistry from Nanjing University (南京大學) in June 1992 and a master's degree in management (majoring in accounting) from Nanjing University (南京大學) in June 1999. Mr. WAN was admitted as a non-practicing member of Jiangsu Institute Certified Public Accountants (江蘇省註冊會計師協會) in November 2009.

Ms. WANG Xi (王熙), aged 43, is an executive Director and a vice president of the Company. She is primarily responsible for the procurement and supply chain department of the Group and quality management, material control and business of Jiangsu Simcere. Ms. WANG joined the Group in May 2020 and has been a vice president of the Company since then. She was appointed as an executive Director with effect from January 18, 2023. Ms. WANG is the spouse of Mr. REN Jinsheng.

Ms. WANG has extensive experience in corporate governance. Ms. WANG has been a director of Nanjing BioSciKin Technology Development Co., Ltd. (南京百家匯科技發展有限公司) since April 2020 and a director of Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司) (formerly known as Beijing Sanroad Biological Products Co., Ltd. (北京祥瑞生物製品股份有限公司)) (stock code: 873821, NEEQ) since May 2020. In addition, Ms. WANG served as a director of Jiangsu Pharmaceutical Industry Research Institute Co., Ltd. (江蘇省醫藥工業研究所有限公司), and the executive director and the general manager of Nanjing Xinjiye Technology Development Co., Ltd. (南京新基業科技發展有限公司) from 2015 to 2022 and the chairman of the board of directors of Simcare Jiangsu Pharmaceutical Co., Ltd. (先聲再康江蘇藥業有限公司) from 2015 to 2023.

Ms. WANG obtained a bachelor's degree in marketing from Nankai University (南開大學) in June 2006 and a degree of master of business administration (EMBA) from China Europe International Business School (中歐國際工商學院) in November 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SONG Ruilin (宋瑞霖), aged 63, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr. SONG has extensive experience in the pharmaceutical industry. Mr. SONG joined the Group in November 2019. He has held positions in following companies, including a non-executive director of Luye Pharma Group Ltd. (stock code: 2186.HK) since March 2017, an independent director of Mediwelcome Healthcare Service and Technology Inc. (麥迪衛康健康醫療服務科技有限公司) (stock code: 2159.HK) since December 2020, an independent director of Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (stock code: 1167.HK) since December 2020, an independent director of Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司) (stock code: 2696.HK) since June 2018, an independent director of Shenzhen Chipscreen Biosciences Co., Ltd (深圳微芯生物科技股份有限公司) (stock code: 688321.SH) since August 2018, an independent director of Boya Biopharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (stock code: 300294.SZ) from March 2017 to March 2021, an independent director of Tibet Aim Pharm. Inc. (西藏易明西雅醫藥科技股份有限公司) (stock code: 002826.SZ) from August 2015 to August 2021, an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd. (山西振東製藥股份有限公司) (stock code: 300158.SZ) from June 2015 to June 2021, an independent director of Zhejiang Jolly Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司) (stock code: 300181.SZ) from July 2009 to January 2014 and an independent director of Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司) (stock code: 600998.SH) from November 2008 to November 2014.

Mr. SONG is currently the executive president of PhIRDA (中國醫藥創新促進會) (formerly named as China Pharmaceutical Industry Research and Development Association (中國醫藥工業科研開發促進會)). Mr. SONG also hold several important social positions including specially-invited expert of the Talent Pool Participating in and Discussing State Affairs of the CPPCC, consultant of Participating in and Discussing State Affairs of the Chinese Peasants and Workers Democratic Party, the executive deputy director of the Research Centre for Drug Policy and Industrial Development at China Pharmaceutical University (中國藥科大學國家藥物政策與產業發展研究中心), a member of the NMPA's Expert Advisory Committee on the Strategic Decision of Chinese medicine management (中藥管理戰略決策專家諮詢委員會), a member of the Biotech Advisory Panel of the Stock Exchange, vice chairman of China Alliance Rare Diseases, a honorary council member of the Chinese Medicine Society, council member of Chinese Pharmacist Association, a council member of the Bethune Charitable Foundation, a visiting researcher of Shanghai Jiao Tong University. Since 2007, Mr. SONG has been dedicated to the research of China's pharmaceutical policies, especially the policies for pharmaceutical innovation. Prior to that, he worked in the Legislative Affairs Office of the State Council of China, mainly engaged in the legislative review and research of health and medicine for a number of years.

Mr. SONG graduated with a bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1985. He also graduated with a degree of master of business administration (EMBA) from China Europe International Business School (中歐國際商學院) in November 2004 and a doctoral degree in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in December 2018.

Mr. WANG Jianguo (汪建國), aged 65, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr. WANG has over 33 years of experience in corporate management. He joined the Group in November 2019, and meanwhile, he has been an independent non-executive director of Honma Golf Limited (stock code: 6858.HK) since September 2016. Mr. WANG also has been the chairman of the board of Five Star Holdings Group Co., Ltd. (五星控股集團有限公司), the chairman of Kidswant Children Products Co., Ltd (stock code: 301078.SZ) and the chairman of Huitongda Network Co., Ltd. (stock code: 9878.HK) since February 2009. Before that, Mr. WANG was the vice president of the Asia-Pacific Region for Best Buy Co., Inc. (stock code: BBY.NY), an American multinational consumer electronics corporation. He founded Jiangsu Five Star Appliance Co., Ltd. (江蘇五星電器有限公司) in 1998 and was its president and the chairman of the board until February 2009. From 1992 to 1998, Mr. WANG held various positions at Jiangsu Wujiaohua Corporation (江蘇五交化總公司) with his last position there being the general manager.

Mr. WANG was elected as the Fifth Excellent Constructor of Socialism with Chinese Characteristics from Non-public Sector (第五屆全國非公有制經濟人士優秀中國特色社會主義事業建設者) in August 2019 and was elected as the Model Worker of the National Business System (全國商務系統勞動模範) by the Ministry of Personnel and the Ministry of Commerce of the PRC in 2007.

Mr. WANG graduated from the Australian National University, in July 2004 with a degree of executive master of business administration (EMBA). He also completed the program of Ph.D. in Business Administration in Global Finance from Arizona State University, U.S.A. in May 2018.

Mr. WANG Xinhua (王新華), aged 70, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr. WANG has almost 48 years of experience in accounting and financial management. Mr. WANG joined the Group in November 2019. He has been an independent non-executive director of China Tobacco International (HK) Company Limited (stock code: 6055.HK) since December 2018. In addition, Mr. WANG was an independent director of Guizhou Yibai Pharmaceutical Co., Ltd. (貴州益佰製藥股份有限公司) (stock code: 600594.SH) from September 2016 to September 2019, Guizhou Jiulian Industrial Explosive Material Development Co., Ltd. (貴州久聯民爆器材發展股份有限公司) (stock code: 002037.SZ) (now renamed as Poly Union Chemical Holding Group Co., Ltd. (保利聯合化工控股集團股份有限公司)) from March 2016 to December 2019, Xinjiang Zhongtai Chemical Co., Ltd. (新疆中泰化學股份有限公司) (stock code: 002092.SZ) from January 2017 to December 2022 and China Petroleum Engineering Corporation (中國石油集團工程股份有限公司) (stock code: 600339.SH) from September 2017 to February 2024. Prior to that, Mr. WANG served as the chief financial officer of China Petroleum & Chemical Corporation (中國石油化工股份有限公司) (stock code: 386.HK and 600028.SH) from May 2009 to December 2015. From November 2004 to April 2009, he served as a director of the financial planning department of China Petrochemical Corporation (中國石化集團公司).

Mr. WANG graduated from Northeastern University (東北大學) in July 1996 after completing his undergraduate course in management engineering through correspondence courses. He was recognized as a senior accountant at professor level (教授級高級會計師) by Sinopec Group in January 2004.

Mr. SUNG Ka Woon (宋嘉桓) (whose former name was SONG Li (宋立)), aged 54, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr. SUNG has been the vice chairman of the board of directors of the Wuhan branch of Yuhu Cold Chain (China) Co., Ltd. (玉湖冷鏈(中國)有限公司) since March 2017. From August 2013 to March 2017, Mr. SUNG served as a director at Asia Social Development Research Center (亞洲社會發展研究中心). Mr. SUNG served at various social positions including a president of Hong Kong Industrial and Commercial Association Limited (香港工商總會) from February 2021 to June 2022, a member of Heung Yee Kuk New Territories of Hong Kong since May 2020, a member of the Election Committee of Hong Kong since September 2021, a member of the 12th and 13th CPPCC of Zhanjiang City, Guangdong Province from February 2014 to December 2017, and a member of the 12th CPPCC of Shandong Province from January 2018. Mr. SUNG was appointed as a non-official Justice of the Peace by the Government of Hong Kong in July 2021.

Mr. SUNG obtained an executive master of business and administration degree from Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC in December 2011, completed the part-time postgraduate studies majoring in economic management from Party School of the Central Committee of CPC (中共中央黨校) in the PRC in January 1996 and obtained a bachelor's degree of machinery design and automation from Northeastern University (東北大學) (previously known as Northeastern Institute of Technology (東北工學院)) in the PRC in July 1993.

SENIOR MANAGEMENT

The members of the senior management team and details of each of their experience are as follows:

Dr. Zhou Yunshu (周雲曙), aged 54, was appointed as the chief executive officer of the Company on March 25, 2026 overseeing the Group's overall business operations. He is primarily responsible for innovative drug business, R&D, and commercialization of the Group and optimization of the Group's management. Prior to that, Dr. Zhou served as the president of Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) and Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司), both being subsidiaries of the Company, since November 2025. Dr. Zhou has over thirty years of experience in research and development and commercialization within the pharmaceutical industry. Prior to joining the Group, he served as a full-time consultant for Innovent Biologics (Suzhou) Co., Ltd., a subsidiary of Innovent Biologics, Inc. (stock code: 1801.HK) ("**Innovent**"), from August 2022 to October 2025. He was primarily responsible for providing professional guidance on market strategies and commercialization of Innovent. Earlier in his career, he worked at Lianyungang Pharmaceutical Factory (the predecessor of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (stock codes: 600276.SH and 1276.HK) ("**Hengrui Pharmaceuticals**")), and thereafter at Hengrui Pharmaceuticals from August 1995 to July 2021. During his tenure, he held various positions, including, among others, a member of the foreign trade department, section chief and deputy director of the development department, vice general manager, general manager and chairman of the board of directors.

Dr. Zhou graduated from China Pharmaceutical University with a bachelor's degree in Pharmacology in 1995. He obtained a doctorate degree in Inorganic Chemistry from Nanjing University in 2007 and he obtained an Executive Master of Business Administration (EMBA) degree from Nanjing University in 2014.

Mr. ZHOU Gaobo (周高波), aged 47, was appointed as the chief investment officer of the Company on January 17, 2022. He is primarily responsible for business investment, business development management, strategic planning and affairs in Hong Kong.

Mr. ZHOU has approximately 17 years of management consulting experience in the healthcare industry. He was a partner of McKinsey & Company from January 2014 to January 2022, and was the joint head of McKinsey's Greater China Healthcare practice from October 2019 to January 2022. Prior to that, he had taken various positions, including consultant, engagement manager and associate partner at McKinsey between July 2006 to December 2013. He worked with leading pharmaceutical, biotechnology, medical device, and life science investment companies on a broad range of topics in China Healthcare Reform and innovation, including strategy, business model innovation, digital transformation, and investment and partnership. He also built the largest healthcare management consulting team in the industry. Previously, he also worked at Human Genome Sciences (HGSI) in antibody and fusion protein drug development from July 2002 to July 2004.

Mr. ZHOU graduated with a bachelor's degree in genetics from Fudan University (復旦大學) in July 2000. He obtained a Master of Science degree in biochemistry from the University of Maryland in July 2002, as well as a master's degree in business administration from Duke University in May 2006.

Mr. GOH Aik Han (吳奕涵), aged 51, was appointed the chief medical officer and senior vice president of the Company since December 1, 2023. He is responsible for the overall clinical development in R&D.

Mr. GOH has over 22 years of experiences in clinical and pharmaceutical industry. He was the chief medical officer and the senior vice president of Reistone Biopharma (瑞石生物醫藥) between May 2018 and November 2023. He worked as a medical advisor, and clinical development director in GlaxoSmithKline (葛蘭素史克公司) from September 2008 to April 2018, both at the London head office and the China R&D center. His expertise focuses on clinical development in neuroscience, autoimmune, and respiratory therapy areas.

Mr. GOH is a UK General Medical Council (GMC) registered doctor and has worked in the UK NHS Hospitals as a general surgeon. He is a member of the Royal College of Surgeons of Edinburgh (MRCS Ed), and the Royal College of Surgeons and Physicians of Glasgow (MRCS Glasg).

Mr. GOH has received his Bachelor of Medicine and Surgery degree from the University of Aberdeen in June 2001, and has subsequently received a Doctor of Medicine degree from Aberdeen in 2013.

Mr. WANG Feng (王峰), aged 43, joined the Group in June 2007, was appointed as a senior vice president in November 2024 who assists the CEO in the daily management of R&D system (non-oncology) and primarily responsible for the management of the Company's preclinical research institute, Beijing Innovation Center, legal and intellectual property department, the project management office as well as collaborative innovation businesses.

Mr. WANG Feng has nearly 19 years of experience within the Group. He joined the Group in June 2007 and held various positions in the Group, including as a product manager of the marketing department from June 2007 to September 2010, a senior product manager of marketing department from September 2010 to August 2013, a product director of marketing department from August 2013 to January 2016, a general manager of the marketing department from January 2016 to August 2017, a senior director of pharmaceutical business department of the Group from August 2017 to January 2018, a senior director of regulations science department from January 2018 to December 2018, an executive director of regulations and intellectual property department (formerly known as the regulations science department) from December 2018 to May 2019, and a vice dean of Nanjing Research Institute (南京研究院) from May 2019 to September 2020. Mr. WANG was appointed as party secretary and vice president of the Group in September 2020 and was further promoted as a senior vice president in November 2024.

Mr. WANG Feng graduated from China Pharmaceutical University (中國藥科大學) with a bachelor's degree in bioengineering in July 2004, a master's degree in microbiology and biochemistry in June 2007 and a Ph.D. in social management pharmacy in 2018.

Mr. CHENG Xianghua (程向華), aged 49, is a vice president of the Company. He is primarily responsible for the marketing management of the Group's neuroscience business units.

Mr. CHENG has over 25 years of experience with the Group where he gained rich experience in the management of the pharmaceutical industry. Mr. CHENG joined the Group in June 2000 and has held various positions within the Group since then, including the sales representative, manager, business director, general manager of business department, president assistant, and vice president, successively. Mr. CHENG has also been the chairman of the board of Oy Simcere Europe Ltd. since June 2019, a director of Shanghai Simcere Pharmaceutical Co., Ltd. (上海先聲藥業有限公司) since April 2020. He was a director of Simcere Pharmaceutical from April 2020 to March 2026 and a director of Hainan Simcere from May 2020 to February 2026.

Mr. CHENG graduated with a college diploma in pharmaceutical marketing from Anhui University of Chinese Medicine (安徽中醫藥大學) in July 1999 and graduated with an executive master of business administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in September 2025.

JOINT COMPANY SECRETARIES

Mr. WAN Yushan (萬玉山) was appointed as one of the joint company secretaries of the Company with effect from November 9, 2022. For more information about Mr. WAN, please refer to "Biographies of Directors and Senior Management – Directors – Executive Directors" above.

Ms. MAK Po Man Cherie (麥寶文) was one of the joint company secretaries of the Company with effect from March 25, 2026.

Ms. Mak is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 20 years of experience in the fields of audit, accounting, corporate finance, compliance and corporate secretarial matters. Ms. Mak obtained a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2017. She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

Independent auditor's report to the members of
Simcere Pharmaceutical Group Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Simcere Pharmaceutical Group Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 117 to 241, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Recognition of revenue from sales of pharmaceutical products and commercialization business

Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 143 to 147.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue principally comprises sales of pharmaceutical products to the distributors and fee charged for provision of commercialization service, accounting for 93.5% of the total revenue. In respect of sales of pharmaceutical products, the Group enters into framework distribution agreements with distributors which specify the terms of sales relating to pricing, goods acceptance and return, as well as credit terms. Revenue from the sale of pharmaceutical products is recognized at the point in time when the customer takes possession of and accepts the products. In respect of commercialization service, the Group renews the commercialization service contracts entered into with pharmaceutical manufacturers annually which specifies the products to be commercialized, the commercialization period and intended activities. Commercialization service income is recognized when the Group satisfies its promise to arrange for the pharmaceutical products to be provided by the seller to the buyer.	Our audit procedures to assess the timing of revenue recognition included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; • inspecting framework distribution agreements, purchase orders and commercialization service contracts with key customers, on a sample basis, to identify terms and conditions relating to goods or service acceptance and the right of return and assessing the Group's policies in respect of the timing of recognition of revenue with reference to the requirements of the prevailing accounting standards; • inspecting goods acceptance records or commercialization service reconciliation records, on a sample basis, to assess whether revenue transactions recorded just before and after the financial year end date had been recognized in the appropriate financial period on the basis of the terms set out in the framework distribution agreements;

KEY AUDIT MATTERS - *continued*

Recognition of revenue from sales of pharmaceutical products and commercialization business

Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 143 to 147.

The Key Audit Matter	How the matter was addressed in our audit
We identified the timing of revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	• comparing revenue transactions recorded during the current year, on a sample basis, with sales orders, invoices and goods acceptance records or commercialization service reconciliation records to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies; • inspecting underlying documentation like reconciliation records, the list of dispatched but not accepted products for manual journal entries and adjustments relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria; and • inspecting actual sales returns and credit notes recorded after the financial year end and evaluating whether the related adjustments to revenue had been recorded in the appropriate financial period.

KEY AUDIT MATTERS - *continued*

Loss allowances for trade receivables

Refer to Note 40(a) to the consolidated financial statements and the accounting policies on pages 135 to 138.

The Key Audit Matter	How the matter was addressed in our audit
As at December 31, 2025, the Group had trade receivables with a gross amount of RMB2,494.0 million, net of loss allowances for expected credit losses ("**ECLs**") of RMB13.4 million. The Group's trade receivables mainly arose from sales of pharmaceutical products. The Group measures the loss allowance at an amount equal to the lifetime ECLs for trade receivables. The estimated loss rates take into account the ageing of trade receivable balances and the repayment history of the Group's customers. We identified the ECL allowance for trade receivables as a key audit matter because of the significance of the balance to the consolidated financial statements and the assessment of the ECL allowance is inherently subjective and requires the exercise of significant management judgement.	Our audit procedures to assess the loss allowance for trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and estimating the credit loss allowance; • evaluating the Group's policy and method for estimating the ECL allowance with reference to HKFRS 9; • assessing the accuracy and reliability of the key parameters used for the estimated ECL rates by examining, on a sample basis, the historical collection data and whether items were correctly categorised in the trade receivables ageing report by comparing individual items therein with sales invoices and other relevant underlying documentation; and • re-performing the calculation of the ECL allowance as at December 31, 2025 based on the Group's credit loss allowance policies and method.

KEY AUDIT MATTERS - *continued*

Fair value measurement for unlisted equity investments with no quoted market prices in active markets

Refer to Note 40(e) to the consolidated financial statements and the accounting policies on pages 128 to 129.

The Key Audit Matter	How the matter was addressed in our audit
The Group made unlisted equity investments in a wide variety of companies in healthcare sector to broaden the access to potential research and development collaboration opportunities. These unlisted equity investments are accounted for as financial assets at fair value through profit or loss ("**FVPL**") or financial assets at fair value through other comprehensive income ("**FVOCI**") under HKFRS 9, Financial Instruments. At December 31, 2025, the fair value of unlisted equity investments with no quoted market prices in active markets is RMB119.8 million, which were classified under the fair value hierarchy as Level 3. The fair value of these unlisted equity investments with no quoted market prices in active markets are determined based on valuation techniques which require significant unobservable inputs. We identified the fair value measurement for these investments at reporting date as a key audit matter because judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof.	Our audit procedures to assess the fair value of investments with no quoted market prices in active markets included the following: • obtaining an understanding of and assessing the design and implementation of key internal control relating to fair value measurement for unlisted equity investments with no quoted market prices on active markets; • obtaining and inspecting the valuation assessment prepared by the external valuers engaged by the management and on which the assessment of the fair values of the Group's unlisted equity investments was based; • assessing the external valuers' qualifications, experience and expertise in the assets being valued and considering their objectivity; • for selected unlisted equity investments, with the assistance of our internal valuation specialists, discussing with the external valuers, without the presence of management, and assessing their valuation methodologies in estimating the fair values of unlisted equity investments; assessing the key assumptions and critical judgements adopted and significant unobservable inputs used which impacted the valuation by comparing them with market data; and • assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

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

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

The engagement partner on the audit resulting in this independent auditor's report is Fung Ping Kwong (practising certificate number: P05669).

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

March 25, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

(Expressed in Renminbi)

	NOTE	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Revenue	4	**7,731,411**	6,635,211
Cost of sales		**(1,421,555)**	(1,310,632)
Gross profit		**6,309,856**	5,324,579
Other income	5(a)	**181,127**	250,835
Other net gain/(loss)	5(b)	**138,379**	(287,721)
Research and development costs		**(1,563,018)**	(1,417,292)
Selling and distribution expenses		**(2,914,472)**	(2,511,065)
Administrative and other operating expenses		**(599,298)**	(529,687)
Reversal of impairment loss on trade and other receivables		**2,917**	6,842
Profit from operations		**1,555,491**	836,491
Finance income	6(a)	**55,751**	39,619
Finance costs	6(a)	**(21,257)**	(30,785)
Interest expenses arising from redemption liabilities	6(a)	**(74,545)**	(38,772)
Net finance costs		**(40,051)**	(29,938)
Share of losses of associates	16	**(2,716)**	(1,632)
Share of profits of joint ventures	17	**1,606**	3,794
Profit before taxation	6	**1,514,330**	808,715
Income tax	7	**(170,322)**	(86,713)
Profit for the year		**1,344,008**	722,002
Attributable to:			
Equity shareholders of the Company		**1,344,008**	722,002
Non-controlling interest		**–**	–
Profit for the year		**1,344,008**	722,002
Earnings per share	11		
Basic and diluted (RMB)		**0.54**	0.29

The notes on pages 125 to 241 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 36(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

(Expressed in Renminbi)

	NOTE	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Profit for the year		1,344,008	722,002
Other comprehensive income for the year (after tax adjustments)	10		
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income (FVOCI) – net movement in fair value reserves (non-recycling), net of tax		14,769	89,186
Exchange difference on translation of company level financial statements		(46,269)	8,952
Items that will be reclassified to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		(10,914)	5,735
Other comprehensive income for the year		(42,414)	103,873
Total comprehensive income for the year		1,301,594	825,875
Attributable to:			
Equity shareholders of the Company		1,301,594	825,875
Non-controlling interest		–	–
Total comprehensive income for the year		1,301,594	825,875

The notes on pages 125 to 241 form part of these financial statements.

	NOTE	December 31, 2025 RMB'000	December 31, 2024 RMB'000 (restated) (Note 41)
Non-current assets			
Property, plant and equipment	12	**2,531,632**	2,327,382
Intangible assets	13	**1,442,592**	1,025,438
Goodwill	14	**142,474**	142,474
Interest in associates	16	**58,712**	50,870
Interest in joint ventures	17	**104,188**	102,342
Prepayments, deposits and other receivables	24	**346,025**	183,831
Financial assets at fair value through other comprehensive income ("**FVOCI**")	18	**297,365**	279,989
Financial assets at fair value through profit or loss ("**FVPL**")	19	**1,143,560**	961,502
Loan to a third party	20	**–**	100,105
Time deposits	25(c)	**748,603**	498,140
Deferred tax assets	30(b)	**520,711**	435,589
		7,335,862	6,107,662
Current assets			
Inventories	21	**589,495**	593,769
Contract assets	22	**19,565**	4,611
Trade and bills receivables	23	**2,838,454**	2,699,825
Prepayments, deposits and other receivables	24	**222,449**	185,333
Loan to a third party	20	**100,105**	–
Tax recoverable	30(a)	**4,744**	–
Pledged deposits	25(b)	**23,340**	24,050
Restricted deposits	25(b)	**14,003**	22,014
Time deposits	25(c)	**65,528**	10,000
Cash and cash equivalents	25(a)	**3,512,088**	1,952,586
		7,389,771	5,492,188
Current liabilities			
Bank loans	26	**1,052,478**	1,051,139
Lease liabilities	27	**57,341**	67,559
Trade and bills payables	28	**249,032**	276,064
Other payables and accruals	29	**1,898,494**	1,157,557
Taxation payable	30(a)	**65,704**	154,358
Provisions	31	**22,000**	22,000
		3,345,049	2,728,677
Net current assets		**4,044,722**	2,763,511
Total assets less current liabilities		**11,380,584**	8,871,173

(Expressed in Renminbi)

	NOTE	December 31, 2025 RMB'000	December 31, 2024 RMB'000 (restated) (Note 41)
Non-current liabilities			
Bank loans	26	**7,479**	8,254
Lease liabilities	27	**69,635**	82,417
Deferred income	32	**472,528**	400,149
Deferred tax liabilities	30(b)	**68,035**	72,704
Other financial liability	33	**1,183,317**	1,008,772
Other non-current liability	34	**165,000**	165,000
		1,965,994	1,737,296
NET ASSETS		**9,414,590**	7,133,877
CAPITAL AND RESERVES			
Share capital	36	**4,618,517**	3,173,805
Reserves	36	**4,789,349**	3,960,072
Total equity attributable to equity shareholders of the Company		**9,407,866**	7,133,877
Non-controlling interest		**6,724**	–
TOTAL EQUITY		**9,414,590**	7,133,877

Approved and authorized for issue by the board of directors on March 25, 2026.

Ren Jinsheng
Directors

Wan Yushan
Directors

The notes on pages 125 to 241 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	NOTE	Share capital RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at January 1, 2024, as previously reported		3,173,805	97,370	965,008	102,087	12,149	2,872,317	7,222,736	–	7,222,736
Adjustments arising from adoption of merger accounting	2(b)	–	69,160	–	–	–	(23,075)	46,085	–	46,085
Balance at January 1, 2024, as restated		3,173,805	166,530	965,008	102,087	12,149	2,849,242	7,268,821	–	7,268,821
Changes in equity for 2024:										
Profit for the year		–	–	–	–	–	722,002	722,002	–	722,002
Other comprehensive income	10	–	–	–	14,687	89,186	–	103,873	–	103,873
Total comprehensive income		–	–	–	14,687	89,186	722,002	825,875	–	825,875
Appropriation of reserve	36(d)(ii)	–	–	241,101	–	–	(241,101)	–	–	–
Capital contribution to Xianwei (Hainan) Biotechnology Co., Ltd. ("**Hainan Xianwei**") from its previous shareholder		–	30,840	–	–	–	–	30,840	–	30,840
Equity settled share-based transactions	35	–	97,810	–	–	–	–	97,810	–	97,810
Purchase of own shares	36(c)(ii)	–	–	–	–	–	(687,985)	(687,985)	–	(687,985)
Dividends approved in respect of the previous year	36(b)	–	–	–	–	–	(401,484)	(401,484)	–	(401,484)
Balance at December 31, 2024, as restated		3,173,805	295,180	1,206,109	116,774	101,335	2,240,674	7,133,877	–	7,133,877

The notes on pages 125 to 241 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in Renminbi)

	NOTE	Attributable to equity shareholders of the Company								
		Share capital RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at January 1, 2025, as restated		3,173,805	295,180	1,206,109	116,774	101,335	2,240,674	7,133,877	–	7,133,877
Changes in equity for 2025:										
Profit for the year		–	–	–	–	–	1,344,008	1,344,008	–	1,344,008
Other comprehensive income	10	–	–	–	(57,183)	14,769	–	(42,414)	–	(42,414)
Total comprehensive income		–	–	–	(57,183)	14,769	1,344,008	1,301,594	–	1,301,594
Issue of ordinary shares by placing, net of issuance costs	36(c)(i)	1,418,033	–	–	–	–	–	1,418,033	–	1,418,033
Paid-up and vesting of shares granted under Zaiming Share Incentive Scheme (as defined in Note 35(b))		–	(4,496)	–	–	–	–	(4,496)	6,724	2,228
Appropriation of reserve	36(d)(ii)			314,381			(314,381)	–	–	–
Consideration for acquisition of Hainan Xianwei	2(b)	–	(65,661)	–	–	–	–	(65,661)	–	(65,661)
Equity settled share-based transactions	35	–	89,567	–	–	–	–	89,567	–	89,567
Vesting of restricted shares	36(c)(i)	26,679	(26,679)	–	–	–	–	–	–	–
Purchase of own shares	36(c)(ii)	–	–	–	–	–	(74,302)	(74,302)	–	(74,302)
Dividends approved in respect of the previous year	36(b)	–	–	–	–	–	(390,746)	(390,746)	–	(390,746)
Balance at December 31, 2025		4,618,517	287,911	1,520,490	59,591	116,104	2,805,253	9,407,866	6,724	9,414,590

The notes on pages 125 to 241 form part of these financial statements.

	NOTE	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Operating activities			
Cash generated from operations	25(d)	**2,354,590**	1,505,671
Tax paid	30(a)	**(341,060)**	(114,539)
Net cash generated from operating activities		**2,013,530**	1,391,132
Investing activities			
Payment for the acquisition of property, plant and equipment		**(349,325)**	(369,976)
Proceeds from disposal of property, plant and equipment		**756**	50,085
Payment for the acquisition of intangible assets		**(512,875)**	(405,600)
Payment for acquisition of financial assets measured at fair value through other comprehensive income		**–**	(800)
Dividends received from financial assets at fair value through profit or loss		**20,292**	64,676
Proceeds from disposal of financial assets measured at fair value through profit or loss		**35,572**	79,175
Payment for acquisition of financial assets measured at fair value through profit or loss		**(269,781)**	(96,350)
Proceeds from redemption of time deposits		**410,000**	487,475
Payment for placement of time deposits		**(700,689)**	(982,476)
Decrease in pledged deposits		**710**	28,463
Payment for acquisition of interest in associate		**(5,781)**	–
Proceeds from disposal of interest in subsidiaries		**–**	34,114
Interest received		**40,449**	38,511
Net cash used in investing activities		**(1,330,672)**	(1,072,703)

The notes on pages 125 to 241 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

(Expressed in Renminbi)

	NOTE	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Financing activities			
Capital element of lease rentals paid	25(e)	**(80,838)**	(90,414)
Interest element of lease rentals paid	25(e)	**(4,756)**	(5,648)
Proceeds from new bank loans	25(e)	**1,051,829**	1,252,690
Repayment of bank loans	25(e)	**(1,051,076)**	(1,414,402)
Interest paid	25(e)	**(16,501)**	(25,137)
Payment for purchase of own shares	36(c)(ii)	**(74,302)**	(687,985)
Proceeds from other financial liability	33	**100,000**	970,000
Payment for acquisition of subsidiaries under common control	2(b)	**(65,661)**	(5,023)
Capital contribution to Hainan Xianwei from its previous shareholder		**–**	30,840
Consideration received for the shares granted under Zaiming Share Incentive Scheme		**9,037**	–
Proceeds from issuance of ordinary shares by placing, net of issuance costs	36(c)(i)	**1,418,033**	–
Payment for listing expenses of anti-oncology business to be capitalized		**(632)**	–
Dividends paid to equity shareholders of the Company	36(b)	**(390,746)**	(401,484)
Net cash generated from/(used in) financing activities		**894,387**	(376,563)
Net increase/(decrease) in cash and cash equivalents		**1,577,245**	(58,134)
Cash and cash equivalents at the beginning of the year	25(a)	**1,952,586**	2,008,434
Effect of foreign exchange rate changes		**(17,743)**	2,286
Cash and cash equivalents at the end of the year	25(a)	**3,512,088**	1,952,586

The notes on pages 125 to 241 form part of these financial statements.

1 GENERAL INFORMATION

Simcere Pharmaceutical Group Limited (the "**Company**") was incorporated in Hong Kong on November 30, 2015 as a limited liability company with its registered office at Room 703, 7/F, Block 20E, Hong Kong Science Park Phase 3, Pak Shek Kok, New Territories, Hong Kong. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on October 27, 2020. The Company is an investment holding company. The Company and its subsidiaries (together, "**the Group**") are principally engaged in the research and development, manufacturing and sales of pharmaceutical products as well as rendering commercialization service of pharmaceutical products that are not manufactured by the Group.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements of the Group for the year ended December 31, 2025 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the certain assets and liabilities are stated at their fair value as explained in the accounting policies as set out below.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(b) Basis of preparation of the financial statements - *continued*

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

In August 2025, the Group agreed to acquire the entire equity interest of Xianwei (Hainan) Biotechnology Co., Ltd. ("**Hainan Xianwei**"), which is principally engaged in research and manufacturing of pharmaceutical products in the PRC, from Beijing Simcere Sanroad Biological Products Co., Ltd. at a consideration of RMB65,661,200.

Upon completion of the acquisition, Hainan Xianwei became a subsidiary of the Group. As Hainan Xianwei and the Group was ultimately controlled by Mr. Ren Jinsheng before and after the business combination and the control is not transitory, the acquisition of Hainan Xianwei was considered as a business combination involving entities under common control, and Accounting Guideline 5 ("AG5"), Merger Accounting for Common Control Combinations, issued by HKICPA has been applied.

The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. The net assets of Hainan Xianwei have been consolidated using the existing book values from the perspective of controlling party. Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the comparative period unless the combining entities or businesses first came under common control at a later date.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income also take into account the profit or loss attributable to the non-controlling interest recorded in the consolidated financial statements of the controlling party. The effects of all transactions between the combining entities or businesses, whether occurring before or after the common combination, are eliminated. The opening balance at January 1, 2024 have been restated, with consequential adjustments to comparatives for the year ended December 31, 2024 (see Note 41).

A uniform set of accounting policies is adopted when preparing the consolidated financial statements. The details of the restated balances have been disclosed in Note 41 to these financial statements.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

(d) Subsidiaries and non-controlling interest

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interest ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI is presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)), unless is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 MATERIAL ACCOUNTING POLICIES - *continued*

(e) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale), or it does not in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture (see Note 2(g)). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of an impairment.

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)(ii)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, interest in associates and joint ventures accounted for using the equity method, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 40(e). These investments are subsequently accounted for as follows, depending on their classification.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(g) Other investments in securities - *continued*

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(v)(ii)(c)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

— FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such an election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other net gain (see Note 2(v)(ii)(b)).

2 MATERIAL ACCOUNTING POLICIES - *continued*

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(k)(ii)):

— right-of-use assets arising from leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life
Leasehold land (see Note 2(j))	over the period of leases
Plant and buildings	10 to 20 years or unexpired lease terms
Machinery and equipment	3 to 10 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less impairment losses (see Note 2(k)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above.

No depreciation is provided in respect of construction in progress.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(i) Intangible assets (other than goodwill)

(i) Research and development expenditures

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources and the intention to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Intangible assets acquired through business combination

The developed technology, Good Supply Practice ("**GSP**") licenses and product trademarks of the Group are associated with different products arising from various business combination and acquisitions from third parties. These intangible assets have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(k)(ii)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life
Developed technology	10 to 16 years
Good Supply Practice ("**GSP**") licenses	3 to 5 years
Product trademarks	6 to 10 years

The useful lives of developed technology and product trademarks are estimated based on the remaining period of economic benefits to be derived from the respective products to be produced relying on the acquired developed technology and product trademarks. The Group estimates the period of economic benefits to be derived from the respective products based on the expected time period required for a pharmaceutical drug development from its discovery to commercialization and other factors, including the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(i) Intangible assets (other than goodwill) - *continued*

(ii) Intangible assets acquired through business combination - continued

The Group considers that the maximum economic useful life of developed technology and product trademarks held by the Group is 16 years and 10 years, respectively. As the different products have different commercialization commencement dates, acquisition dates by the Group and the expected lifespan of economic benefits, the useful life of the Group's developed technology and product trademarks varies at a range of 10 - 16 and 6 - 10 years, respectively. The useful lives of GSP licenses are estimated based on the remaining valid period of the GSP licenses.

(iii) Exclusive commercialization rights and in-licensed rights

The exclusive commercialization rights and in-licensed rights are associated with different innovative drugs under development, and they either arise from collaboration arrangement with third parties or are otherwise separately acquired from third parties.

The consideration for such rights may include non-refundable upfront payments and variable payments such as development-based milestone payments, sales-based milestone payments and royalty payments. Non-refundable upfront payments are capitalized. Variable payments based on period activity or usage of the underlying intellectual property after the related intangible assets are available for use are expensed when incurred. Other variable payments, such as development-based milestone payments, generally relate to the cost of the related intangible assets and would bring in probable future economic benefits, they are added to the carrying amount of the related intangible assets.

The amortization of exclusive commercialization rights and in-licensed rights will commence when these rights are available for use.

The estimated useful lives are as follows:

	Estimated useful life
Exclusive commercialization rights	10 years
In-licensed rights	4 to 13 years

The useful lives of exclusive commercialization rights and in-licensed rights are estimated based on the period of economic benefits to be derived from the respective products relying on the acquired exclusive commercialization rights or in-licensed rights. The Group estimates the period of economic benefits to be derived from the respective products based on the expected time period of the commercialization and other factors, including the patent protection period, the historical life of similar products, the characteristics of the underlying technologies, their update frequency and market requirement and competition.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(i) Intangible assets (other than goodwill) - *continued*

(iii) Exclusive commercialization rights and in-licensed rights - continued

When intangible assets are not available for use, they are not be amortized but tested for impairment annually either individually or at the cash generating unit level. Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(j) Leased assets - *continued*

(i) As a lessee - continued

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(g)(i) and 2(k)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets in 'property, plant and equipment' and presents 'lease liabilities' separately in the consolidated statement of financial position.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(j) Leased assets - *continued*

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(v)(ii)(a).

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses ("**ECL**"s) on financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables and loans to a third party) and contract assets (see Note 2(m)).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(k) Credit losses and impairment of assets - *continued*

(i) Credit losses from financial instruments and contract assets - continued

Measurement of ECLs - *continued*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 3 months past due.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

— the financial asset is 12 months past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(k) Credit losses and impairment of assets - *continued*

(i) Credit losses from financial instruments and contract assets - continued

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 12 months past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganization; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(k) Credit losses and impairment of assets - *continued*

(ii) Impairment of other non-current assets - continued

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, costs include direct labor and appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(m) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(v)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs (see Note 2(k)(i)) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(n)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(v)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(n)).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(k)(i)).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(y).

(q) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(r) Redemption liability

A contract that contains an obligation for the Group to purchase its equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Group could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognized in profit or loss. The carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided. Contributions to local retirement schemes pursuant to the relevant labor rules and regulations in the jurisdictions in which the Group's subsidiaries located are recognized as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognized as an expense.

(ii) Share-based payments

2021 RSU Scheme (as defined in Note 35(a))

The grant-date fair value of the restricted shares granted to employees is recognized as an employee cost with a corresponding increase in other reserve within equity. The fair value of the restricted shares is measured at grant date by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total estimated fair value of the restricted shares is spread over the vesting period, taking into account the probability that the restricted shares will vest. The amount recognized as an expense is adjusted to reflect the number of awards for which the related vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related vesting conditions at the vesting date. The equity amount is recognized in the other reserve until either the restricted share is vested (when it is included in the amount recognized in share capital for the shares issued).

2 MATERIAL ACCOUNTING POLICIES - *continued*

(s) Employee benefits - *continued*

(ii) Share-based payments - continued

Zaiming Share Incentive Scheme (as defined in Note 35(b))

The grant-date fair value of share options granted to employees is measured using the Black-Scholes model. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(t) Income tax - *continued*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(u) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of pharmaceutical products

The Group enters into framework distribution agreements with all distributors which specify the terms of sales relating to pricing, goods acceptance and return, as well as credit terms. Revenue is recognized when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or sales orders with customers, but the Group generally provides credit terms to customers within 30 to 90 days upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(v) Revenue and other income - *continued*

(i) Revenue from contracts with customers - continued

(b) Commercialization service income

Commercialization service income is recognized when the Group satisfies its promise to arrange for the pharmaceutical products to be provided by the seller to the buyer.

(c) License income

When the Group grants a license of its intellectual property to customers in a contract bundled with other promised goods or services, it determines whether the license is a distinct performance obligation by assessing whether the customer can benefit from the license on its own or together with other readily available resources and the license is separately identifiable from other goods and services in the contract. The Group considers relevant factors such as whether the other promised services (e.g. manufacturing) are highly specialized or unique for the customer to realize the benefits from the license and whether the Group would be able to fulfil its promise to transfer the license independently of fulfilling its promise to subsequently provide other goods or services.

The Group further assesses whether the nature of promise is to provide the customer with a right to use the underlying intellectual property as it exists at the point in time at which the license is granted, or a right to access the underlying intellectual property as it exists throughout the license period. In considering whether license revenue is recognized at a point in time or over time, the Group considers its involvement and activities that it has promised to undertake during the licensing period and the corresponding impact on the customer.

When the licensing arrangement contains variable consideration other than a sales-based or usage-based royalty – such as development and/or regulatory milestone payments from the licensee, the amount is estimated using the most likely method based on whether the milestones are considered probable of being achieved and included in the transaction price to the extent that it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Milestone payments subject to uncertainties that are outside the control of the Group or the licensee, such as regulatory approvals, are generally constrained until the required approvals are obtained. The estimated variable consideration is updated at each reporting date to reflect the current facts and circumstances.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(v) Revenue and other income - *continued*

(i) Revenue from contracts with customers - continued

(c) License income - *continued*

Sales-based or usage-based royalties (including milestone payments based on the level of sales) are only recognized when (or as) the latter of two events occurs: (i) the occurrence of subsequent sale or usage, and (ii) the (partial) satisfaction of the performance obligation to which some or all of the sales- or usage-based royalty has been allocated.

(d) Research service income

For certain revenue from research services, control is transferred over time and revenue is recognized 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;

— 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.

When the outcome of a research service contract can be reasonably measured, revenue from the contract is recognized over time during the service process using the cost-to-cost method. Under the cost-to-cost method, revenue is recognized based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Group applies the most likely amount approach to estimate such variable consideration by considering the single most likely amount in a limited range of possible consideration amounts, taking into account the Group's current progress and future performance expectations compared to the agreed completion timeline.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(v) Revenue and other income - *continued*

(i) Revenue from contracts with customers - continued

(d) Research service income - *continued*

When the outcome of the contract cannot be reasonably measured, revenue is recognized only to the extent of contract costs incurred that are expected to be recovered.

Otherwise, revenue is recognized at a point in time when the Group transfers the control for services/deliverable units and has right to payment from the customers for the services performed upon finalization, or upon the delivery and acceptance of the deliverable units.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(v) Revenue and other income - *continued*

(ii) Revenue from other sources and other income - continued

(d) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(w) Collaborative arrangements

The Group analyses its collaborative arrangements to assess whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities of all parties in the arrangement.

For collaborative arrangements that contain multiple elements, the Group first determines any elements of the collaborative are more reflective of a vendor-customer relationship and therefore within the scope of HKFRS 15. For those elements that are not accounted for pursuant to HKFRS 15, an appropriate recognition method in accordance with other applicable accounting standards is determined and applied consistently, considering the rights and obligations of the Group to account for the assets, liabilities, revenues and expenses relating to its interest in the collaborative arrangements.

(x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(x) Translation of foreign currencies - *continued*

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI is recognized in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(z) Related parties - *continued*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

When a Group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

2 MATERIAL ACCOUNTING POLICIES - *continued*

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Sources of estimation uncertainty

Notes 13, 14, 18, 19, 35 and 40(e) contain information about the assumptions and their risk factors relating to impairment on not-ready-for-use intangible assets, goodwill impairment, fair value of financial assets and fair value of equity instruments granted. Other significant sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

(ii) Impairment of trade and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortized cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue by business lines is as follows:

	2025 RMB'000	2024 RMB'000
Sales of pharmaceutical products	6,822,801	6,311,467
Income from commercialization business		
– Commercialization service income	178,365	261,728
– Collaborative arrangements	231,371	15,216
License income	465,524	–
Research service income	33,350	46,800
	7,731,411	6,635,211

The Group's revenue recognized at point in time and over time were RMB7,698,061,000 (2024: RMB6,588,411,000) and RMB33,350,000 (2024: RMB46,800,000), respectively.

The Group's customer base is diversified and includes two customers with whom transactions have exceeded 10% of the Group's revenues. In 2025, revenues from each of these two customers, including revenue from a group of entities which are known to be under common control with these customers, amounted to approximately RMB1,900,709,000 (2024: RMB1,950,199,000) and RMB956,792,000 (2024: RMB932,700,000), respectively. Details of concentrations of credit risk arising from the customers are set out in Note 40(a).

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB676,772,000 (2024: RMB70,200,000). This amount represents revenue expected to be recognised in the future from the research service contracts or license agreements entered into by the customer with the Group. The Group will recognise the expected revenue in future when the relevant performance obligation is fulfilled, which is expected to occur over the next 12 to 26 months (2024: next 12 to 38 months).

The above amount does not include any amounts of variable consideration that the Group may receive in the future by meeting the conditions set out in the Group's license agreements with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for receiving those variable consideration.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of goods and the commercialization service such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING - *continued*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised based on lines of therapeutic areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group identified two reportable segments during the year as detailed below. Prior year segment information is restated for comparative purpose. No operating segments have been aggregated to form the following reportable segments.

Anti-oncology business	Research and development, manufacturing, sales and commercialization of anti-oncology pharmaceuticals
Other pharmaceutical business	Research and development, manufacturing, sales and commercialization of pharmaceuticals with focus on the multiple therapeutic areas including neuroscience, autoimmune and anti-infection

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of interest in associates, interest in joint ventures, financial assets at FVOCI and financial assets at FVPL.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit/(loss) is adjusted profit before taxation by excluding net realized and unrealized losses on financial assets at FVPL, net realized and unrealized gain on interest in associates at FVPL, interest expenses arising from redemption liabilities, share of losses of associates and share of profits of joint ventures.

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2025 and 2024 is set out below.

4 REVENUE AND SEGMENT REPORTING - *continued*

(b) Segment reporting - *continued*

(i) Segment results, assets and liabilities - continued

	2025		
	Anti-oncology business RMB'000	Other pharmaceutical business RMB'000	Total RMB'000
Revenue from external customers	1,987,421	5,743,990	7,731,411
Intersegment revenue	37,390	57,220	94,610
Reportable segment revenue	2,024,811	5,801,210	7,826,021
Reportable segment (loss)/profit	(211,811)	1,661,377	1,449,566
Reportable segment assets	3,888,560	9,257,019	13,145,579

	2024		
	Anti-oncology business RMB'000	Other pharmaceutical business RMB'000	Total RMB'000
Revenue from external customers	1,284,761	5,350,450	6,635,211
Intersegment revenue	11,194	31,539	42,733
Reportable segment revenue	1,295,955	5,381,989	6,677,944
Reportable segment (loss)/profit	(590,945)	1,700,220	1,109,275
Reportable segment assets	3,205,845	7,075,635	10,281,480

4 REVENUE AND SEGMENT REPORTING - *continued*

(b) Segment reporting - *continued*

(ii) Reconciliations of reportable segment revenues, profit or loss and assets

	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	7,826,021	6,677,944
Intersegment elimination	(94,610)	(42,733)
Consolidated revenue	7,731,411	6,635,211

	2025 RMB'000	2024 RMB'000
Profit		
Reportable segment profit	1,449,566	1,109,275
Intersegment elimination	3,335	2,299
Net realized and unrealized gains/(losses) on financial assets at FVPL	132,191	(266,249)
Net realized and unrealized gain on interest in associates at FVPL	4,893	–
Interest expenses arising from redemption liabilities	(74,545)	(38,772)
Share of losses of associates	(2,716)	(1,632)
Share of profits of joint ventures	1,606	3,794
Consolidated profit before taxation	1,514,330	808,715

	2025 RMB'000	2024 RMB'000
Assets		
Reportable segment assets	13,145,579	10,281,480
Intersegment elimination	(23,771)	(76,333)
Interest in associates	58,712	50,870
Interest in joint ventures	104,188	102,342
Financial assets at FVOCI	297,365	279,989
Financial assets at FVPL	1,143,560	961,502
Consolidated total assets	14,725,633	11,599,850

4 REVENUE AND SEGMENT REPORTING - *continued*

(b) Segment reporting - *continued*

(iii) Geographic information

HKFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the PRC and primarily all of its non-current operating assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

5 OTHER INCOME AND OTHER NET GAIN/(LOSS)

(a) Other income

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Government grants (Note)	161,369	226,189
Rental income	2,370	128
Property management income	547	874
Consulting and technology service income	14,898	15,115
Others	1,943	8,529
	181,127	250,835

Note:

During the year ended December 31, 2025, the Group received unconditional government grants of RMB105,955,000 (2024: RMB106,473,000) as rewards of the Group's contribution to technology innovation and regional economic development.

During the year ended December 31, 2025, the Group received conditional government grants of RMB23,500,000 (2024: RMB59,299,000, as restated) as subsidies for construction and equipment and recognized such grants of RMB35,665,000 (2024: RMB33,310,000) in the consolidated statements of profit or loss when related conditions were satisfied. During the year ended December 31, 2025, the Group received conditional government grants of RMB104,293,000 (2024: RMB67,750,000) as encouragement of technology research and development and recognized such type of grants of RMB19,749,000 (2024: RMB86,406,000) in the consolidated statements of profit when related conditions were satisfied.

5 OTHER INCOME AND OTHER NET GAIN/(LOSS) - *continued*

(b) Other net gain/(loss)

	2025 RMB'000	2024 RMB'000
Net foreign exchange gain/(loss)	21,996	(20,873)
Net gain on disposal of property, plant and equipment	231	984
Net realized and unrealized gains/(losses) on financial assets at fair value through profit or loss	132,191	(266,249)
Net realized and unrealized gain on interest in associates at fair value through profit or loss	4,893	–
Net loss on disposal of intangible assets	–	(2,485)
(Loss on)/reversal of provision for litigations	(20,932)	902
	138,379	(287,721)

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Interest income from bank deposits	(52,265)	(36,133)
Interest income from loan to a third party	(3,486)	(3,486)
Finance income	(55,751)	(39,619)
Interest expenses on bank loans	16,501	25,137
Interest expenses on lease liabilities	4,756	5,648
Finance costs	21,257	30,785
Interest expenses arising from redemption liabilities (Note 33)	74,545	38,772
Net finance costs	40,051	29,938

6 PROFIT BEFORE TAXATION - *continued*

(b) Staff costs

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Salaries, wages and other benefits	2,110,748	1,915,044
Contributions to defined contribution retirement plans (Note)	135,558	121,304
Equity settled share-based payment expenses (Note 35)	89,567	97,810
	2,335,873	2,134,158

Note:

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plans administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

6 PROFIT BEFORE TAXATION - *continued*

(c) Other items

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Cost of inventories recognized as expenses (Note i)	979,448	978,199
Depreciation charge		
– owned property, plant and equipment	206,305	223,380
– right-of-use assets	78,809	77,617
Amortization of intangible assets	95,721	36,859
Research and development costs (Note ii)	1,563,018	1,417,292
Reversals of impairment on trade and other receivables	(2,917)	(6,842)
Auditors' remuneration		
– audit services of the Company	4,300	4,300
– other audit related and non-audit services	2,705	391

Notes:

(i) Cost of inventories recognized as expenses includes amounts relating to staff costs, depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

(ii) Research and development costs include amounts relating to staff costs, depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
PRC Corporate Income Tax		
Provision for the year	218,914	193,847
Under/(over)-provision in respect of prior years (Note 7(b))	4,555	(5,579)
	223,469	188,268
Overseas corporate income tax		
Provision for the year	343	230
Overseas withholding tax		
Provision for the year	15,058	–
Deferred tax		
Origination and reversal of temporary differences (Note 30(b))	(68,548)	(101,785)
Total income tax	170,322	86,713

Notes:

(i) Pursuant to the income tax rules and regulations of Hong Kong, the Company and the subsidiary in Hong Kong were liable to the Hong Kong Profits Tax at a rate of 16.5% during the years ended December 31, 2025 and 2024.

(ii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax ("**CIT**") at a statutory rate of 25%, except for the following specified subsidiaries:

According to the Administrative Measures for Determination of High-Tech Enterprises (Guokefahuo [2016] No. 32), Hainan Simcere Pharmaceutical Co., Ltd. ("**Hainan Simcere**") obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2023 to 2025.

Shandong Simcere Zaiming Biopharmaceutical Co., Ltd. ("**Shandong Simcere**") obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2023 to 2025.

Simcere Pharmaceutical Co., Ltd. ("**Simcere Pharmaceutical**") obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2024 to 2026.

Simcere Zaiming Pharmaceutical Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2024 to 2026.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS - *continued*

(a) Taxation in the consolidated statements of profit or loss represents: - *continued*

Notes: - continued

(ii) (continued)

Jiangsu Simcere Biological Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2025 to 2027.

Jiangsu Xiansheng Biology Medical Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2025 to 2027.

According to the prevailing PRC CIT law and its relevant regulations, non-PRC tax resident enterprises are levied withholding tax on dividends from their PRC resident investees for intra-group earnings accumulated beginning on January 1, 2008, at 10% (unless reduced by tax treaties or similar arrangements). Undistributed earnings generated prior to 2008 are exempt from such withholding tax. Under the arrangement between the Chinese Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, dividends paid by a PRC resident enterprise to its direct holding company in Hong Kong will be subject to withholding tax at a reduced rate of 5% (if the Hong Kong investor is the "beneficial owner" and owns directly at least 25% of the equity interest of the PRC resident enterprise for the past twelve months before the dividends distribution).

Pursuant to Notice on Expanding the Applicable Scope of the Policy of Temporarily Not Levying Withholding Income Tax on Overseas Investors' Direct Investment with Distributed Profits (Caishui [2018] No.102), withholding tax on dividends distributed by from a PRC resident enterprise to its direct overseas holding company was not levied if the dividend distributed was reinvested to the PRC resident investees.

(iii) Pursuant to the income tax rules and regulations of the United States, the Group's subsidiaries in the United States were liable to United States federal income tax at a rate of 21% plus the state income tax determined by income ranges during the years ended December 31, 2025 and 2024.

(iv) Pursuant to the income tax rules and regulations of the United Kingdom, the Group's subsidiary in the United Kingdom was liable to the United Kingdom corporation tax at a rate of 19% during the years ended December 31, 2025 and 2024.

(v) Pursuant to the income tax rules and regulations of Finland, the Group's subsidiary in Finland was liable to Finnish income tax at a rate of 20% during the years ended December 31, 2025 and 2024.

(vi) Pursuant to the income tax rules and regulations of Singapore, the Group's subsidiary in Singapore was liable to Singapore corporate income tax at a rate of 17% during the year ended December 31, 2025 and 2024.

(vii) Pursuant to the tax agreements between PRC and certain overseas jurisdiction for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income, the royalties arising in a contracting state and paid to a resident of the other contracting state may be taxed in that other contracting state, however, such royalties may also be taxed in the contracting state in which they arise and according to the laws of that contracting state, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 10% of the gross amount of the royalties. During the year ended December 31, 2025, the Group' provision for withholding tax was made for certain license income.

(viii) As disclosed in Note 7(c), the Group is also liable to Pillar Two income taxes.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS - *continued*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Profit before taxation	**1,514,330**	808,715
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25%	**378,583**	202,179
Tax effect of different tax rates	**(148,699)**	(146,152)
Tax effect of non-deductible expenses (Note i)	**30,592**	67,347
Tax effect of non-taxable income	**(32,725)**	(4,580)
Tax effect of tax losses and temporary differences not recognized	**65,827**	92,667
Tax effect of bonus deduction for research and development costs	**(179,389)**	(140,600)
Tax effect of change in tax rates	**15,316**	1,090
Tax effect of previously recognized tax losses now derecognized	**1,770**	–
Tax effect of previously unrecognized tax losses and temporary differences now utilized	**(5,566)**	(5,839)
Tax effect of withholding tax on undistributed profits	**25,000**	26,180
Tax effect of withholding tax on license income	**15,058**	–
Under/(over)-provision in respect of prior years	**4,555**	(5,579)
Actual tax expense	**170,322**	86,713

Note:

(i) Tax effect of non-deductible expenses mainly represented the tax effect of equity settled share-based payment expenses, expenses incurred by entities without assessable profits and other non-deductible expenses and tax effect of net realized and unrealized loss on financial assets of FVPL which is not subject to deduction under Hong Kong Profits Tax rules

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS - *continued*

(c) Pillar Two income taxes

The company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("**Pillar Two model rules**") published by the Organization for Economic Co-operation and Development.

The Pillar Two income taxes are levied on subsidiaries under the new tax laws in United Kingdom and Finland which introduced a domestic minimum top-up tax effective from January 1, 2024.

From January 1, 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group did not recognize any current tax expense related to Pillar Two income taxes for the year ended December 31, 2025 (2024: nil). The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (Note) RMB'000	2025 Total RMB'000
Executive directors							
Ren Jinsheng	–	4,943	3,116	51	8,110	–	8,110
Wan Yushan	–	2,074	3,881	71	6,026	2,047	8,073
Tang Renhong	–	3,634	5,830	71	9,535	38,733	48,268
Wang Xi	–	1,102	659	16	1,777	367	2,144
Independent non-executive directors							
Wang Xinhua	360	–	–	–	360	–	360
Song Ruilin	360	–	–	–	360	–	360
Wang Jianguo	360	–	–	–	360	–	360
Sung Ka Woon	366	–	–	–	366	–	366
	1,446	11,753	13,486	209	26,894	41,147	68,041

8 DIRECTORS' EMOLUMENTS - *continued*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (Note) RMB'000	2024 Total RMB'000
Executive directors							
Ren Jinsheng	–	5,010	–	46	5,056	–	5,056
Wan Yushan	–	1,932	950	71	2,953	(780)	2,173
Tang Renhong	–	3,681	1,818	84	5,583	51,268	56,851
Wang Xi	–	1,117	555	16	1,688	332	2,020
Independent non-executive directors							
Wang Xinhua	360	–	–	–	360	–	360
Song Ruilin	360	–	–	–	360	–	360
Wang Jianguo	360	–	–	–	360	–	360
Sung Ka Woon	360	–	–	–	360	–	360
	1,440	11,740	3,323	217	16,720	50,820	67,540

All the executive directors are key management personnel of the Group for the year ended December 31, 2025 and their remuneration disclosed above include those for services rendered by them as key management personnel.

Apart from the above, no transaction, arrangement or contract of significance to which the Company was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Note:

These represent the estimated value of share-based payments instruments granted to the directors under the Group's share incentive scheme. The value of these share-based payments instruments is measured according to the Group's accounting policies for share-based payment transactions and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of the instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of the instruments granted, are disclosed in Note 35.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	5,645	10,252
Discretionary bonuses	7,296	2,921
Retirement scheme contributions	167	250
Share-based payments	5,545	3,190
	18,653	16,613

The emoluments of the two (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HKD5,000,001 to HKD5,500,000	–	2
HKD6,000,001 to HKD6,500,000	–	1
HKD9,500,001 to HKD10,000,000	1	–
HKD10,500,001 to HKD11,000,000	1	–

10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	Exchange differences on translation of financial statements RMB'000	Financial assets at fair value through other comprehensive income – net movement in fair value reserves (non-recycling) RMB'000	Total RMB'000
For the year ended December 31, 2024			
Before-tax amount	14,687	104,923	119,610
Tax effect	–	(15,737)	(15,737)
Net-of-tax amount	14,687	89,186	103,873
For the year ended December 31, 2025			
Before-tax amount	(57,183)	17,376	(39,807)
Tax effect	–	(2,607)	(2,607)
Net-of-tax amount	(57,183)	14,769	(42,414)

(Expressed in Renminbi)

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,344,008,000 (2024: RMB722,002,000, as restated) and the weighted average of 2,481,252,040 ordinary shares (2024: 2,512,953,608 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2025	2024
Issued ordinary shares at January 1	**2,486,320,618**	2,616,722,618
Effect of purchase of own shares (Note 36(c))	**(10,401,821)**	(69,631,964)
Issue of ordinary shares by placing (Note 36(c))	**37,128,767**	–
Effect of vested shares under 2021 RSU Scheme (Note 35)	**2,341,522**	–
Effect of unvested shares under 2021 RSU Scheme (Note 35)	**(34,137,046)**	(34,137,046)
Weighted average number of ordinary shares at December 31	**2,481,252,040**	2,512,953,608

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,344,008,000 (2024: RMB722,002,000, as restated) and the weighted average of ordinary shares of 2,488,558,740 shares (2024: 2,519,978,448 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2025	2024
Weighted average number of ordinary shares at December 31	**2,481,252,040**	2,512,953,608
Effect of deemed issuance of shares under 2021 RSU scheme for nil consideration (Note 35)	**7,306,700**	7,024,840
Weighted average number of ordinary shares (diluted) at December 31	**2,488,558,740**	2,519,978,448

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold Land RMB'000	Plant and buildings RMB'000	Machinery and equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At January 1, 2024, as previously reported	423,852	1,306,328	1,131,660	159,097	34,917	343,471	3,399,325
Business combinations under common control	–	–	383	755	–	49,695	50,833
At January 1, 2024, as restated	423,852	1,306,328	1,132,043	159,852	34,917	393,166	3,450,158
Additions	35,025	52,216	57,276	5,857	216	264,272	414,862
Transfers	–	253,321	3,449	239	–	(257,009)	–
Disposals	–	(31,785)	(10,045)	(1,292)	(448)	–	(43,570)
At December 31, 2024 and January 1, 2025	458,877	1,580,080	1,182,723	164,656	34,685	400,429	3,821,450
Additions	–	70,667	50,067	8,980	111	363,902	493,727
Transfers	–	7,703	240	–	–	(7,943)	–
Disposals	–	(109,963)	(6,718)	(1,552)	(1,035)	–	(119,268)
At December 31, 2025	458,877	1,548,487	1,226,312	172,084	33,761	756,388	4,195,909
Accumulated depreciation and impairment:							
At January 1, 2024, as previously reported	43,493	462,329	580,963	113,235	28,966	–	1,228,986
Business combinations under common control	–	–	42	108	–	–	150
At January 1, 2024, as restated	43,493	462,329	581,005	113,343	28,966	–	1,229,136
Charge for the year	10,402	156,690	114,854	16,942	2,109	–	300,997
Written back on disposals	–	(24,554)	(10,013)	(1,050)	(448)	–	(36,065)
At December 31, 2024 and January 1, 2025	53,895	594,465	685,846	129,235	30,627	–	1,494,068
Charge for the year	9,407	150,157	112,624	11,109	1,817	–	285,114
Written back on disposals	–	(106,249)	(6,082)	(1,539)	(1,035)	–	(114,905)
At December 31, 2025	63,302	638,373	792,388	138,805	31,409	–	1,664,277
Net book value:							
At December 31, 2024	404,982	985,615	496,877	35,421	4,058	400,429	2,327,382
At December 31, 2025	395,575	910,114	433,924	33,279	2,352	756,388	2,531,632

12 PROPERTY, PLANT AND EQUIPMENT - *continued*

(a) Reconciliation of carrying amount - *continued*

As at December 31, 2025, property certificates of certain properties and leasehold land with an aggregate net book value of RMB118,410,000 (2024: RMB149,334,000) is yet to be obtained.

As at December 31, 2025, leasehold land with net book value of RMB108,340,000 (2024: RMB110,641,000) was pledged as security for banking facilities, which were not used at the reporting date.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 RMB'000	2024 RMB'000
Leasehold land	**395,575**	404,982
Plant and buildings	**116,205**	126,167
	511,780	531,149

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold land	**9,407**	10,402
Plant and buildings	**69,402**	67,215
	78,809	77,617
Interest on lease liabilities (Note 6(a))	**4,756**	5,648
Expense relating to short-term leases	**8,340**	8,617

During the year ended December 31, 2025, additions to right-of-use assets were RMB63,140,000 (2024: RMB75,059,000). This amount included the acquisition of leasehold land of nil (2024: RMB35,025,000), and the remainder primarily related to the capitalized lease payments under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and future cash outflow arising from leases are set out in Notes 25(f), 27 and 40(b), respectively.

13 INTANGIBLE ASSETS

	Developed technology RMB'000	GSP licenses RMB'000	Product trademarks RMB'000	Exclusive commercialization rights (i) RMB'000	In-licensed rights(ii) RMB'000	Total RMB'000
Cost:						
At January 1, 2024	246,777	343	4,303	125,472	606,879	983,774
Additions	–	–	–	235,849	113,147	348,996
Disposals	–	–	–	–	(2,485)	(2,485)
At December 31, 2024 and January 1, 2025	246,777	343	4,303	361,321	717,541	1,330,285
Additions	–	–	–	–	512,875	512,875
At December 31, 2025	246,777	343	4,303	361,321	1,230,416	1,843,160
Accumulated amortization:						
At January 1, 2024	246,476	343	4,303	–	16,866	267,988
Charge for the year	18	–	–	11,230	25,611	36,859
At December 31, 2024 and January 1, 2025	246,494	343	4,303	11,230	42,477	304,847
Charge for the year	18	–	–	23,585	72,118	95,721
At December 31, 2025	246,512	343	4,303	34,815	114,595	400,568
Net book value:						
At December 31, 2024	283	–	–	350,091	675,064	1,025,438
At December 31, 2025	265	–	–	326,506	1,115,821	1,442,592

The Group's intangible assets as at December 31, 2025 mainly represent developed technology, GSP licenses, product trademarks acquired by the Group in connection with the acquisitions of the Group's operating subsidiaries in the PRC, and the exclusive commercialization rights and in-licensed rights either arising from collaboration arrangement with third parties or separately acquired by the Group.

The amortization charge for the year of exclusive commercialization rights and in-licensed rights is included in "cost of sales" and the other amortization is included in "research and development costs" in the consolidated statement of profit or loss.

(Expressed in Renminbi)

13 INTANGIBLE ASSETS - *continued*

(i) Exclusive commercialization rights

The exclusive commercialization rights include certain intangible assets not ready for use. Details are as below.

On March 18, 2022, the Group entered into an agreement with a third party for an exclusive commercialization right in relation to a drug under development in China at the consideration of RMB125,472,000. The third party is responsible for clinical development of the drug and the Group will have exclusive marketing right to the drug after regulatory approval.

As at December 31, 2025, the exclusive commercialization rights is not yet available for use and is not amortized. As such, it is subject to annual impairment test based on the recoverable amount of the CGU to which the intangible asset is related to which is at the product level. Management determined the recoverable amount of the relevant CGU using the value in use calculations. The Group engaged an independent professional valuer to assist with the calculation. The calculation used cash flow projections based on management's expectations of the expected time period for a pharmaceutical drug development to commercialization and other factors, including the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition. The expected average earnings before interest and taxes ("**EBIT**") growth rate was estimated taking into account revenue, gross margins and operating expenses to reflect the characteristics of the commercial right and the expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to the drug.

The key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
Expected average EBIT growth rate	12%	8%
Pre-tax discount rate	26%	26%

Based on the result of impairment assessment, there was no impairment as at December 31, 2025.

13 INTANGIBLE ASSETS - *continued*

(i) Exclusive commercialization rights - *continued*

The Group has performed sensitivity test by increasing 1% of pre-tax discount rate or decreasing 1% of expected average EBIT growth rate, which are the key assumptions for determining the recoverable amount of the intangible asset, with all other variables held constant. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

	2025 RMB'000	2024 RMB'000
Headroom	**62,048**	45,889
Impact by increasing pre-tax discount rate	**(8,870)**	(9,263)
Impact by decreasing expected average EBIT growth rate	**(5,850)**	(4,640)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

(ii) In-licensed rights

As at December 31, 2025, certain in-licensed rights, being the rights acquired to develop and commercialize the drug product, are not yet available for use and are not amortized. As such, the intangible assets are subject to annual impairment test based on the respective recoverable amount of the CGU to which the intangible asset is related to which is at the product level. Management determined the recoverable amount of the relevant CGU using the value in use calculations. The calculation used cash flow projections based on management's expectations of the expected time period for a pharmaceutical drug development to commercialization and other factors, including the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition. The cash flows beyond the projection period are extrapolated using negative growth rate. The expected average EBIT growth rate was estimated taking into account revenue, gross margins and operating expenses to reflect the characteristics of the license and the expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to the respective drug.

13 INTANGIBLE ASSETS - *continued*

(ii) In-licensed rights - *continued*

Rademikibart

On November 21, 2023, the Group entered into an agreement with a third party to have an exclusive right to develop and commercialize a drug product in the Greater China region.

The consideration payable by the Group comprises upfront payment, additional milestone payments, commercialization milestone payments and royalties based upon future sales. As at December 31, 2024, an upfront payment of USD30,000,000 (equivalent to RMB209,718,000) is recognized as an intangible assets.

The key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
Expected average EBIT growth rate	12%	16%
Pre-tax discount rate	20%	20%

Based on the result of impairment assessment, there was no impairment as at December 31, 2025.

The Group has performed sensitivity test by increasing 1% of pre-tax discount rate or decreasing 1% of expected average EBIT growth rate, which are the key assumptions for determining the recoverable amount of the intangible asset, with all other variables held constant. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

	2025 RMB'000	2024 RMB'000
Headroom	79,651	60,788
Impact by increasing pre-tax discount rate	(42,993)	(56,455)
Impact by decreasing expected average EBIT growth rate	(18,887)	(28,598)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

13 INTANGIBLE ASSETS - *continued*

(ii) In-licensed rights - *continued*

Vigonvita

On December 3, 2025, the Group entered into an agreement with a third party to have an exclusive right to develop and commercialize a drug product in the Greater China region.

The consideration payable by the Group comprises upfront payment, additional milestone payments, commercialization milestone payments and royalties based upon future sales. An upfront payment of RMB30,000,000 paid by the Group was recognized as an intangible asset in 2025.

The key assumptions used in estimating the recoverable amount are as follows:

	2025
Expected average EBIT growth rate	4%
Pre-tax discount rate	25%

Based on the result of impairment assessment, there was no impairment as at December 31, 2025.

The Group has performed sensitivity test by increasing 1% of pre-tax discount rate or decreasing 1% of expected average EBIT growth rate, which are the key assumptions for determining the recoverable amount of the intangible asset, with all other variables held constant. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

	2025 RMB'000
Headroom	60,970
Impact by increasing pre-tax discount rate	(17,208)
Impact by decreasing expected average EBIT growth rate	(7,224)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

14 GOODWILL

	2025 RMB'000	2024 RMB'000
Balance at the beginning and the end of the year	**142,474**	142,474

Impairment tests for cash-generating unit containing goodwill

	2025 RMB'000	2024 RMB'000
Shandong Simcere	**91,790**	91,790
Other pharmaceutical business	**50,684**	50,684
Balance at the end of the year	**142,474**	142,474

The Group performs annual impairment test on goodwill at the end of the reporting year. The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on five-year financial budgets approved by management with the final year representing a steady state in the development of the business. Cash flows beyond the period are extrapolated using zero growth rate. The key assumptions used for the value in use calculations are the discount rate and budgeted earnings before interest, taxes, depreciation and amortization ("**EBITDA**") growth rate in the projection period. The discount rate was a pre-tax measure based on the risk-free rate in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU. Budgeted EBITDA growth rate in the projection period was estimated taking into account revenue, gross margins and operating expenses based on past performance and its expectation for market development.

(Expressed in Renminbi)

14 GOODWILL - *continued*

Impairment tests for cash-generating unit containing goodwill - *continued*

Key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
Pre-tax discount rate		
Shandong Simcere	**15.0%**	15.0%
Other pharmaceutical business	**15.0%**	15.0%
Budgeted EBITDA growth rate (average of forecast period)		
Shandong Simcere	**26.1%**	19.3%
Other pharmaceutical business	**5.8%**	7.1%

The estimated recoverable amount of the Shandong Simcere CGU and other pharmaceutical business CGU exceeded its carrying amount as at December 31, 2025 by RMB214,790,000 (2024: RMB329,907,000) and RMB6,778,879,000 (2024: RMB5,465,117,000), respectively.

Management performed sensitivity analysis of two key assumptions that could significantly affect the recoverable amount. The following table shows the percentage point by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

Change required for carrying amount to equal recoverable amount (in percentage point)

	2025	2024
Shandong Simcere		
Increase in discount rate	**3.1%**	3.3%
Decrease in budgeted EBITDA growth rate (average of forecast period)	**-8.5%**	-5.1%
Other pharmaceutical business		
Increase in discount rate	**19.6%**	18.6%
Decrease in budgeted EBITDA growth rate (average of forecast period)	**-12.1%**	-14.7%

The recoverable amount of the CGUs based on the value-in-use calculations was higher than the carrying amount as at December 31, 2025. Accordingly, no impairment loss for goodwill was recognized in the consolidated statements of profit or loss. Also, based on the sensitivity analysis above, the Group concluded that a reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount as at December 31, 2025.

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Jiangsu Simcere Pharmaceutical Group Co., Ltd (江蘇先聲醫藥集團有限公司)(Formerly known as Jiangsu Simcere Pharmaceutical Technology Co., Ltd.江蘇先聲醫藥科技有限公司) (Note)	The PRC August 14, 2017	United States Dollar ("**USD**") 251,500,000	100%	–	Investment holding
Simcere Pharmaceutical (Shandong)Co., Ltd. (先聲藥業(山東)有限公司) (Note)	The PRC March 28, 2022	USD150,392,778	100%	–	Investment holding
Simcere UK Limited	The United Kingdom December 20, 2017	Great Britain Pound ("**GBP**") 100	100%	–	Pharmaceutical related business development and cooperation
Oy Simcere Europe Ltd.	Finland September 14, 2007	Euro ("**EUR**") 2,500	100%	–	Pharmaceutical related business development and cooperation
Simcere Pharmaceutical Co., Ltd.(先聲藥業有限公司) (Note)	The PRC September 10, 1998	Chinese Yuan ("**RMB**") 1,602,813,820	–	100%	Manufacturing and sales of pharmaceutical products
Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) (Note)	The PRC April 28, 1993	RMB221,110,900	–	100%	Manufacturing and sales of pharmaceutical products
Jiangsu Simcere Biological Co., Ltd. (江蘇先聲生物製藥有限公司) (Note)	The PRC July 10, 2017	RMB400,000,000	–	100%	Research and development, manufacturing and sales of pharmaceutical products
Wuhu Simcere Zhongren Pharmaceutical Co., Ltd. (蕪湖先聲中人藥業有限公司) (Note)	The PRC September 19, 2008	RMB37,000,000	–	100%	Manufacturing and sales of pharmaceutical products

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES - *continued*

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Nanjing BioSciKin Biotechnology Development Co., Ltd. (南京百家匯生物科技發展有限公司) (Note)	The PRC December 13, 2018	RMB86,660,000	–	100%	Investment holding
Simcere International Limited	Hong Kong June 19, 2014	USD10,000,000	–	100%	Pharmaceutical related business development and cooperation
Simgene LLC	The United States April 19, 2019	Not applicable	–	100%	Investment holding
Simcere of America Inc.	The United States January 5, 2011	USD125	–	100%	Pharmaceutical related business development and cooperation and investment holding
Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司) (Note)	The PRC March 28, 1995	RMB568,800,000	–	100%	Sales, distribution and research and development of pharmaceutical products
Shanghai Simcere Pharmaceutical Co., Ltd. (上海先聲藥業有限公司) (Note)	The PRC July 20, 2000	RMB154,000,000	–	100%	Sales and distribution of pharmaceutical products
Zigong Yirong Industrial Co., Ltd. (自貢市益榮實業有限公司) (Note)	The PRC September 2, 2005	RMB2,380,000	–	100%	Manufacturing of pharmaceutical ingredients
Shandong Simcere Zaiming Pharmaceutical Co., Ltd. (山東先聲再明生物製藥有限公司) (Formerly known as Shandong Simcere pharmaceutical Co., Ltd. 山東先聲生物製藥有限公司) (Note)	The PRC June 30, 1999	RMB50,000,000	–	100%	Research and development, manufacturing and sales of pharmaceutical products

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES - *continued*

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Nanjing Simcere Zaiming Biology Medical Technology Co., Ltd. (南京先聲再明生物醫藥科技有限公司) (Formerly known as Simcere Biology Medical Technology Co., Ltd. 先聲生物醫藥科技有限公司) (Note)	The PRC March 14, 2012	RMB50,000,000	–	100%	Research and development of pharmaceutical products
Simcere Zaiming Pharmaceutical Co., Ltd. (先聲再明醫藥股份有限公司) (Formerly known as Hainan Simcere Zaiming Pharmaceutical Co., Ltd. 海南先聲再明醫藥股份有限公司) ("**Simcere Zaiming**") (Note)	The PRC December 3, 2020	RMB464,571,490/ RMB447,662,990	–	99.91%	Research and development of pharmaceutical products
Simcere (Beijing) Pharmaceutical Co., Ltd. (先聲(北京)醫藥有限公司) (Note)	The PRC April 21, 2021	RMB5,000,000	–	100%	Research and development of pharmaceutical products
Shanghai Simcere Biology Medical Co., Ltd. (上海先聲生物醫藥有限公司) (Note)	The PRC June 29, 2021	RMB380,000,000/ RMB354,724,351	–	100%	Research and development of pharmaceutical products
Jiangsu Xiansheng Biology Medical Co., Ltd. (江蘇先盛生物醫藥有限公司) (Note)	The PRC March 11, 2022	RMB200,000,000	–	100%	Manufacturing and sales of pharmaceutical products

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES - *continued*

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Shanghai Simcere Zaiming Medical Biotechnology Co., Ltd. (上海先聲再明醫藥生物科技有限公司) (Formerly known as Shanghai Xianxiang Medical Technology Co., Ltd. 上海先祥醫藥科技有限公司) (Note)	The PRC September 27, 2022	RMB10,000,000	–	100%	Research and development of pharmaceutical products
Jiangsu Simcere Zaiming Pharmaceutical Co., Ltd. (江蘇先聲再明醫藥有限公司) (Note)	The PRC December 9, 2022	RMB350,000,000	–	100%	Research and development and sales of pharmaceutical products
Beijing Simcere Zaiming Pharmaceutical Co., Ltd. (北京先聲再明醫藥有限公司) (Note)	The PRC December 27, 2022	RMB5,000,000	–	100%	Research and development of pharmaceutical products
Nanjing Zaiming Pharmaceutical Co., Ltd. (南京再明醫藥有限公司) (Note)	The PRC January 17, 2023	RMB110,000,000	–	100%	Research and development of pharmaceutical products
Simcere Zaiming, Inc.	The United States February 17, 2023	USD1	–	100%	Research and development of and preclinical discovery of pharmaceutical products
Simcere Pharmaceutical (Singapore) Pte. Ltd.	The Republic of Singapore May 12, 2023	Singapore Dollar 1	–	100%	Pharmaceutical related business development and cooperation

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES - *continued*

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Nanjing Jiayuantang Biotechnology Co., Ltd. (南京佳原堂生物科技有限公司) (Note)	The PRC November 8, 2018	RMB10,000,000/ RMB9,730,000	–	100%	Sales of pharmaceutical products
Jiangsu Jiayuantang Biotechnology Co., Ltd. (江蘇佳原堂生物科技有限公司) (Note)	The PRC December 24, 2018	RMB10,000,000/nil	–	100%	Sales of pharmaceutical products
Shanghai Zaiming Pharmaceutical Co., Ltd. (上海再明醫藥有限公司) (Note)	The PRC December 18, 2023	RMB500,000	–	100%	Research and development of pharmaceutical products
Shanghai Simcere Medical Technology Co., Ltd. (上海先聲醫藥科技有限公司) (Note)	The PRC December 22, 2023	RMB500,000	–	100%	Research and development of pharmaceutical products
Nanjing BioSciKin Innovative Medical Technology Co., Ltd. (南京百家匯創新醫療科技有限公司) (Note) ("**BioSciKin Innovative**")	The PRC July 10, 2017	RMB50,000,000/ RMB22,150,000	–	100%	Possessing production support facilities
Shanghai Xianwei Medical Technology Co., Ltd. (上海先緯醫藥科技有限公司) (Note)	The PRC January 25, 2024	RMB3,000,000	–	100%	Research and development of pharmaceutical products
Shenzhen Simcere Zaiming Medical Technology Co., Ltd. (深圳先聲再明醫藥科技有限公司) (Note)	The PRC June 27, 2024	RMB100,000,000	–	100%	Research and development of pharmaceutical products
Simway Biotechnology Company Limited	The Cayman Islands October 2, 2025	USD50,000/nil	100%	–	Investment holding

(Expressed in Renminbi)

15 INVESTMENTS IN SUBSIDIARIES - *continued*

Company name	Place of incorporation and business/ date of incorporation	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Beyond Therapeutics Inc.	The United States October 22, 2025	USD1/nil	–	100%	Research and development of pharmaceutical products
Xianwei Biotech Co., Ltd.	British Virgin Islands October 16, 2025	USD50,000/nil	–	100%	Investment holding
Xianwei (Hainan) Biotechnology Co., Ltd. (先為(海南)生物科技有限公司) (Note)	The PRC April 20, 2022	RMB100,000,000	–	100%	Research and development of pharmaceutical products

Note:

These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

The non-controlling interest of the Group as at December 31, 2025 is not material.

16 INTEREST IN ASSOCIATES

Details of the Group's interest in associates as at December 31, 2025 which is accounted for using equity method in the consolidated financial statements are set out below:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Nanjing Ruichu Pharmaceutical Co., Ltd. ("**Nanjing Ruichu**")	Incorporated	The PRC	RMB3,618,000	4.5%	-	4.5%	Development and manufacturing of pharmaceutical ingredients
Nanjing Coenlis Pharmaceutical Co., Ltd ("**Nanjing Coenlis**")	Incorporated	The PRC	RMB9,556,000	17.8%	-	17.8%	Development and manufacturing of pharmaceutical ingredients

16 INTEREST IN ASSOCIATES - *continued*

In August 2021, the Group acquired 12.5% of equity interest in Nanjing Ruichu through capital injection of RMB5,000,000. The proportion of the Group's equity interest in Nanjing Ruichu was diluted to 8.9% in 2022 and to 5.4% in 2023, further to 4.5% in 2025 due to the new financing obtained by Nanjing Ruichu. The Group has a right to appoint one director to the board of Nanjing Ruichu in accordance with the investment agreement, therefore the directors of the Company are in the view that the Group can cast significant influence on Nanjing Ruichu and account for the equity interest in Nanjing Ruichu using the equity method.

In August 2023, the Group established Nanjing Coenlis with third parties by capital contribution through the transfer of certain machinery and equipment. The proportion of the Group's equity interest in Nanjing Coenlis was diluted to 19.7% in 2023 and further to 17.8% in 2024 due to the new financing obtained by Nanjing Coenlis. The Group has a right to appoint one director to the board of Nanjing Coenlis in accordance with the investment agreement, therefore the directors of the Company are in the view that the Group can cast significant influence on Nanjing Coenlis and account for the equity interest in Nanjing Coenlis using the equity method.

Both entities are unlisted corporate entities whose quoted market price are not available.

The directors of the Company consider that there are no material associates.

Aggregate financial information of associates accounted for using equity method and not individually material:

	2025 RMB'000	2024 RMB'000
Carrying amount of associates in the consolidated financial statements	8,154	10,870

	2025 RMB'000	2024 RMB'000
Aggregate amounts of the Group's share of those associates'		
Loss from operations	(3,960)	(2,977)
Gain on dilution of interests	1,244	1,345
Total comprehensive income	(2,716)	(1,632)

(Expressed in Renminbi)

16 INTEREST IN ASSOCIATES - *continued*

Details of the Group's interest in an associate as at December 31, 2025 which is accounted for using FVPL method in the consolidated financial statements are set out below:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Jiaxing Andicon Biotechnology Co., Ltd. ("**Andicon**")	Incorporated	The PRC	RMB8,307,000	4.0%	-	4.0%	Development and manufacturing of pharmaceutical ingredients
Vincentx, Inc.	Incorporated	The United States	USD800,000	22.7%	-	22.7%	Research and development of pharmaceutical products

In November 2023, the Group entered into an investment agreement for acquisition of 5.2% interest in Andicon with preferred rights at consideration of RMB40,000,000. The proportion of the Group's equity interest in Andicon was diluted to 4.5% in 2024 and further to 4.0% in 2025 due to the new financing obtained by Andicon. The Group has a right to appoint one director to the board of Andicon in accordance with the investment agreement, therefore the directors of the Company are in the view that the Group has significant influence on Andicon and measure the interest in Andicon at fair value through profit or loss, as it is not subject to the current access to the returns associated with the ownership interest due to the preferred rights. Andicon is an unlisted corporate entity whose quoted market price is not available. As at December 31, 2025, the director of the Company estimated the fair value of this investment to be RMB44,893,000 (2024: RMB40,000,000) based on its recent transaction price.

In May 2025, the Group entered into an investment agreement to acquire 800,000 preferred shares issued by Vincentx at consideration of USD800,000 (equivalent to RMB5,781,000), accounting for 22.7% of the ownership interest. The Group has a right to appoint one director to the board of Vincentx, in accordance with the investment agreement, therefore the directors of the Company are in the view that the Group has significant influence on Vincentx and measure the interest in Vincentx at fair value through profit or loss, as it is not subject to the current access to the returns associated with the ownership interest due to the preferred rights. Vincentx is an unlisted corporate entity whose quoted market price is not available. As at December 31, 2025, the director of the Company estimated the fair value of this investment to be RMB5,665,000 based on its recent transaction price.

The analysis on the fair value measurement of the investment in associate is disclosed in Note 40(e).

(Expressed in Renminbi)

17 INTEREST IN JOINT VENTURES

Details of the Group's interest in joint ventures as at December 31, 2025 which is accounted for using equity method in the consolidated financial statements are set out below:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Simnogen Biotech Ltd.	Incorporated	The PRC	USD4,000,000	51%	-	51%	Research and development of pharmaceutical products
Jiangsu Xinhaikang Pharmaceutical Co., Ltd ("**Xinhaikang**")	Incorporated	The PRC	RMB23,500,000	70%	-	70%	Manufacturing and sales of pharmaceutical products

In June 2019, the Group acquired 51% of the equity interest in Simnogen Biotech Ltd. from a company controlled by the ultimate controlling shareholder of the Group, BioSciKin Precision Medical Holding Group Co., Ltd., at a consideration of RMB5,200,000. Simnogen Biotech Ltd. is mainly engaged in research and development of innovative pharmaceutical and vaccine products. According to the articles of association, no single investor is in a position to control the investors' meeting or no single director appointed by either investor is in a position to control the board of directors. Therefore, the directors of the Company consider that the Group is not able to control Simnogen Biotech Ltd. and deem it to be a joint venture of the Group rather than a subsidiary.

In January 2023, the Group acquired 70% of the equity interest in Xinhaikang from former shareholder of Xinhaikang at a consideration of RMB91,000,000. Xinhaikang is mainly engaged in manufacturing and sales of pharmaceutical products. According to the articles of association, certain key operating decision making should be agreed in consensus. Therefore, the directors of the Company consider that the Group is not able to control Xinhaikang and deem it to be a joint venture of the Group rather than a subsidiary.

Both joint ventures in which the Group participates are unlisted corporate entities whose quoted market price is not available.

The directors of the Company consider that there are no material joint ventures.

17 INTEREST IN JOINT VENTURES - *continued*

Aggregate financial information of joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Carrying amount of the joint venture in the consolidated financial statements	**104,188**	102,342
Amount of the Group's share of the joint venture's		
Gain from operations	**1,606**	3,794
Total comprehensive income	**1,606**	3,794

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI (non-recycling)		
– Listed equity securities	**22,233**	4,857
– Unlisted equity investments	**275,132**	275,132
	297,365	279,989

The listed equity securities at FVOCI (non-recycling), represent investment in listed equity securities issued by listed companies incorporated in the United States. The unlisted equity security at FVOCI (non-recycling), represents investment in unlisted equity interest in private entity incorporated in the PRC. These investments are engaged in research and development of innovative pharmaceutical products.

The Group designated these investments at FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the years ended December 31, 2025 and 2024.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 40(e).

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets at FVPL		
– Listed equity securities	**265,068**	65,718
– Unlisted equity investments	**373,550**	386,567
– Unlisted units in investment funds	**504,942**	509,217
	1,143,560	961,502

The Group's non-current balances of financial assets at FVPL represent listed equity securities issued by listed company incorporated in the United States, Australia and the Cayman Islands, the unlisted equity investments in private entities incorporated in the PRC, the United States and the Cayman Islands and unlisted units in investment funds incorporated in the PRC, the United States, and the Netherlands. These investments are primarily engaged or further invested in the healthcare and pharmaceutical sectors.

The analysis on the fair value measurement of the Group's above financial assets is disclosed in Note 40(e).

20 LOAN TO A THIRD PARTY

	2025 RMB'000	2024 RMB'000
Due within 1 year	**100,105**	–
Due after 1 year but within 2 years	**–**	100,105
	100,105	100,105

On November 8, 2023, the Group entered into a loan agreement with a third-party entity incorporated in the PRC. Pursuant of the loan agreement, the Group agreed to lend a loan of RMB100,000,000 with interest rate agreed as long prime rate ("**LPR**") on the day before the drawn down date, i.e. 3.45%. The accrued interest is repayable on quarterly basis and the loan principal is repayable in full at the end of 36 months from the drawn down date. The loans are fully secured by machinery held by the third party.

In 2023, the Group also entered into an agreement with this third party for an exclusive commercialization right in relation to a drug under development.

As at December 31, 2025, loan to a third party represented the outstanding principal and accrued interest income.

21 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Raw materials	307,577	312,603
Semi-finished goods	91,834	48,447
Finished goods	190,084	232,719
	589,495	593,769

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	932,720	932,940
Provision for write-down of inventories	46,728	45,259
	979,448	978,199

All inventories are expected to be recovered within one year.

22 CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets arising from research service	19,565	4,611

The Group's research service contracts include payment schedules which require stage payments over the research service period once milestones are reached.

All of the contract assets are expected to be recovered within one year.

23 TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	2,493,990	2,354,916
Bills receivable	357,876	361,272
	2,851,866	2,716,188
Less: loss allowance	(13,412)	(16,363)
	2,838,454	2,699,825

All of the trade and bills receivables are expected to be recovered within one year.

As at December 31, 2025, bills receivable of RMB34,627,000 were pledged for issuance of bills payable (2024: RMB44,070,000).

Aging analysis

As of the end of the reporting period, the aging analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	2,440,888	2,315,332
Over 3 months but within 6 months	372,454	340,237
Over 6 months but within 9 months	23,476	41,365
Over 9 months but within 12 months	1,636	2,891
	2,838,454	2,699,825

Trade and bills receivables are due within 30 - 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade and bills receivables are set out in Note 40(a).

23 TRADE AND BILLS RECEIVABLES - *continued*

Aging analysis - *continued*

As at December 31, 2025, the Group endorsed certain bills receivable to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognized these bills receivable and payables to suppliers in their entirety. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considers the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at December 31, 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is the same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB53,206,000 (2024: RMB65,180,000).

24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Current		
Prepayments for raw materials and expenses	84,353	90,321
Value added tax recoverable	118,264	82,572
Other deposits and receivables	42,291	34,954
	244,908	207,847
Less: loss allowance (Note i)	(22,459)	(22,514)
	222,449	185,333
Non-current		
Prepayments for property, plant and equipment	37,114	18,765
Other deposits and receivables	3,113	9,268
Prepayments for exclusive commercialization rights (Note ii)	155,798	155,798
Advances for units in an investment fund (Note iii)	150,000	–
	346,025	183,831

24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - *continued*

Notes:

(i) As at December 31, 2025, the loss allowance included an impairment loss on prepayments for raw materials of RMB21,600,000 (2024: RMB21,600,000).

(ii) The balance of prepayments for exclusive commercialization rights represented upfront payments which is refundable under certain circumstance.

(iii) The balance of advances for units in an investment fund represented advances made by the Group for its investment in a fund, of which the administrative process of fund raising was yet to be completed as at December 31, 2025.

All of prepayments, deposits and other receivables current balances are expected to be recovered or recognized as expense within one year.

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS AND TIME DEPOSITS

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Cash at bank	3,512,088	1,952,586

As at December 31, 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB2,032,370,000 (2024: RMB1,851,234,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS, AND TIME DEPOSITS - *continued*

(b) Pledged deposits and restricted deposits comprise:

	2025 RMB'000	2024 RMB'000
Pledged deposits for		
– issuance of letter of guarantee	**23,340**	24,050

	2025 RMB'000	2024 RMB'000
Restricted deposits for		
– research and development projects	**12,797**	8,740
– litigations	**1,206**	204
– 2021 RSU Scheme	**–**	13,070
	14,003	22,014

(c) Time deposits comprise:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Current portion	**65,528**	10,000
Non-current portion	**748,603**	498,140
	814,131	508,140

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS, AND TIME DEPOSITS - *continued*

(d) Reconciliation of profits before taxation to cash generated from operations

	Note	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Profit before taxation		**1,514,330**	808,715
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	**285,114**	300,997
Amortization of intangible assets	6(c)	**95,721**	36,859
Net finance costs	6(a)	**40,051**	29,938
Share of losses of associates	16	**2,716**	1,632
Share of profits of joint ventures	17	**(1,606)**	(3,794)
Net gain on disposal of property, plant and equipment	5(b)	**(231)**	(984)
Net realized and unrealized (gains)/losses on financial assets at fair value through profit or loss	5(b)	**(132,191)**	266,249
Net realized and unrealized gain on investments in associates at fair value through profit or loss	5(b)	**(4,893)**	–
Net loss on disposal of intangible assets	5(b)	**–**	2,485
Equity settled share-based payment expenses	35	**89,567**	97,810
Reversals of impairment loss on trade and other receivables	6(c)	**(2,917)**	(6,842)
Provision for write-down of inventories	21(b)	**46,728**	45,259
Foreign exchange (gain)/loss		**(19,734)**	1,531
Changes in working capital:			
Decrease in restricted deposits		**8,011**	134
Increase in inventories		**(42,694)**	(24,531)
Increase in trade and bills receivables		**(150,736)**	(61,368)
(Increase)/decrease in prepayments, deposits and other receivables		**(30,363)**	69,987
(Increase)/decrease in contract assets		**(14,954)**	8,389
Decrease in trade and bills payables		**(27,032)**	(42,484)
Increase/(decrease) in other payables and accruals		**627,324**	(25,894)
Decrease in provision		**–**	(3,990)
Increase in deferred income		**72,379**	5,573
Cash generated from operations		**2,354,590**	1,505,671

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS, AND TIME DEPOSITS - *continued*

(e) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans RMB'000 (Note 26)	Lease liabilities RMB'000 (Note 27)	Other financial liability RMB'000 (Note 33)	Total RMB'000
At January 1, 2025	1,059,393	149,976	1,008,772	2,218,141
Changes from financing cash flows:				
Proceeds from new bank loans	1,051,829	–	–	1,051,829
Proceeds from other financial liability	–	–	100,000	100,000
Repayment of bank loans	(1,051,076)	–	–	(1,051,076)
Capital element of lease rentals paid	–	(80,838)	–	(80,838)
Interest element of lease rentals paid	–	(4,756)	–	(4,756)
Interest paid	(16,501)	–	–	(16,501)
Total changes from financing cash flows	(15,748)	(85,594)	100,000	(1,342)
Exchange adjustments	(189)	(1,464)	–	(1,653)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	63,140	–	63,140
Decrease in lease liabilities from ceasing leases during the year	–	(3,838)	–	(3,838)
Interest expenses arising from redemption liability (Note 6(a))	–	–	74,545	74,545
Interest expenses (Note 6(a))	16,501	4,756		21,257
Total other changes	16,501	64,058	74,545	155,104
At December 31, 2025	1,059,957	126,976	1,183,317	2,370,250

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS, AND TIME DEPOSITS - *continued*

(e) Reconciliation of liabilities arising from financing activities - *continued*

	Bank loans RMB'000 (Note 26)	Lease liabilities RMB'000 (Note 27)	Other financial liability RMB'000 (Note 33)	Total RMB'000
At January 1, 2024	1,220,979	208,245	–	1,429,224
Changes from financing cash flows:				
Proceeds from new bank loans	1,252,690	–	–	1,252,690
Proceeds from other financial liability	–	–	970,000	970,000
Repayment of bank loans	(1,414,402)	–	–	(1,414,402)
Capital element of lease rentals paid	–	(90,414)	–	(90,414)
Interest element of lease rentals paid	–	(5,648)	–	(5,648)
Interest paid	(25,137)	–	–	(25,137)
Total changes from financing cash flows	(186,849)	(96,062)	970,000	687,089
Exchange adjustments	126	515	–	641
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	40,034	–	40,034
Decrease in lease liabilities from ceasing leases during the year	–	(8,404)	–	(8,404)
Interest expenses arising from redemption liability (Note 6(a))	–	–	38,772	38,772
Interest expenses (Note 6(a))	25,137	5,648	–	30,785
Total other changes	25,137	37,278	38,772	101,187
At December 31, 2024	1,059,393	149,976	1,008,772	2,218,141

25 CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS, RESTRICTED DEPOSITS, AND TIME DEPOSITS - *continued*

(f) Total cash flow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	8,340	8,617
Within investing cash flows	–	35,025
Within financing cash flows	85,594	96,062
	93,934	139,704

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	93,934	104,679
Increase in leasehold land	–	35,025
	93,934	139,704

26 BANK LOANS

The maturity profile for the interest-bearing bank loans of the Group at the end of each reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Short-term bank loans	1,051,778	1,050,423
Current portion of long-term bank loans	700	716
Within 1 year or on demand	1,052,478	1,051,139
After 1 year but within 2 years	650	665
After 2 years but within 5 years	1,950	1,994
After 5 years	4,879	5,595
	7,479	8,254
	1,059,957	1,059,393

As at December 31, 2025 and 2024, the bank loans were unsecured.

27 LEASE LIABILITIES

At December 31, 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	57,341	67,559
After 1 year but within 2 years	37,307	33,897
After 2 years but within 5 years	32,328	48,520
	69,635	82,417
	126,976	149,976

28 TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Trade payables	240,520	241,695
Bills payable	8,512	34,369
	249,032	276,064

As of the end of the reporting period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Within 3 months	190,312	198,001
3 to 12 months	55,161	52,803
Over 12 months	3,559	25,260
	249,032	276,064

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

29 OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Accrued expenses (Note i)	335,588	475,667
Contract liabilities (Note ii)	687,056	28,160
Payable for employee reimbursements	16,091	17,660
Payables for staff related costs	380,011	328,895
Payables for purchase of property, plant and equipment	131,628	32,017
Other tax payables	185,786	158,008
Payables for research and development costs	81,746	51,408
Others	80,588	65,742
	1,898,494	1,157,557

All of the other payables and accruals are expected to be settled within one year or repayable on demand.

Notes:

(i) Accrued expenses primarily comprise marketing and promotion expenses, research and development costs and other expenses.

(ii) Contract liabilities represent customers' advances received for goods that have not yet been transferred to the customers.

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at January 1	28,160	43,311
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(28,160)	(43,311)
Increase in contract liabilities as a result of customers' advances received for goods and services that have not yet been transferred to the customers as at the year end	687,056	28,160
Balance at December 31	687,056	28,160

Contract liabilities are expected to be recognized as income within one year.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	154,358	17,899
Provision for income tax for the year	234,315	194,077
Effect of withholding tax on dividends	23,850	62,500
Under/(over)-provision in respect of prior years	4,555	(5,579)
Withholding tax settled	(15,058)	–
Tax paid	(341,060)	(114,539)
At the end of the year	60,960	154,358
Represented by:		
Taxation recoverable	(4,744)	–
Taxation payable	65,704	154,358
	60,960	154,358

(b) Deferred tax assets and liabilities recognized represents:

(i) The components of deferred tax assets recognized in the consolidated statements of financial position and the movements during the year are as follows:

	Provision for asset impairment RMB'000	Unrealized profits on inventories RMB'000	Deductible tax losses RMB'000	Depreciation and amortization of non-current assets RMB'000	Fair value change of financial assets RMB'000	Government grants RMB'000	Accrued expenses RMB'000	Other temporary differences RMB'000	Total RMB'000
At January 1, 2024	16,202	44,407	194,044	550	3,289	65,934	60,315	36,801	421,542
Recognized in profit or loss	(4,879)	11,115	98,146	(338)	–	(2,157)	(4,082)	(11,436)	86,369
Recognized in other comprehensive income	–	–	–	–	5	–	–	–	5
At December 31, 2024 and January 1, 2025	11,323	55,522	292,190	212	3,294	63,777	56,233	25,365	507,916
Recognized in profit or loss	(4,461)	4,469	(9,837)	70,177	–	14,206	10,245	(5,795)	79,004
Recognized in other comprehensive income	–	–	–	–	–	–	–	–	–
At December 31, 2025	6,862	59,991	282,353	70,389	3,294	77,983	66,478	19,570	586,920

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - *continued*

(b) Deferred tax assets and liabilities recognized represents: - *continued*

(ii) The components of deferred tax liabilities recognized in the consolidated statements of financial position and the movements during the year are as follows:

	Fair value adjustment arising from business combination RMB'000	Depreciation and amortization of non-current assets RMB'000	Fair value change of financial assets RMB'000	Undistributed profits RMB'000	Other temporary differences RMB'000	Total RMB'000
At January 1, 2024	706	46,290	66,337	73,920	19,963	207,216
Recognized in profit or loss	(29)	(3,961)	(29,283)	26,180	(8,323)	(15,416)
Effect of withholding tax on dividends	–	–	–	(62,500)	–	(62,500)
Recognized in other comprehensive income	–	–	15,742	–	–	15,742
Exchange adjustment	–	–	(11)	–	–	(11)
At December 31, 2024 and January 1, 2025	677	42,329	52,785	37,600	11,640	145,031
Recognized in profit or loss	(32)	(8,288)	(350)	25,000	(5,874)	10,456
Effect of withholding tax on dividends	–	–	–	(23,850)	–	(23,850)
Recognized in other comprehensive income	–	–	2,607	–	–	2,607
At December 31, 2025	645	34,041	55,042	38,750	5,766	134,244

(iii) Reconciliation to the consolidated statements of financial position:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognized in the consolidated statements of financial position	520,711	435,589
Net deferred tax liabilities recognized in the consolidated statements of financial position	(68,035)	(72,704)
	452,676	362,885

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - *continued*

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(t), the Group did not recognize deferred tax assets of RMB274,326,000 (2024: RMB221,366,000, as restated), in respect of cumulative tax losses RMB1,122,448,000 (2024: RMB885,755,000, as restated) as at December 31, 2025. The Group did not recognize deferred tax assets of RMB787,000 (2024: RMB1,066,000), in respect of cumulative temporary differences RMB4,303,000 (2024: RMB6,121,000) as at December 31, 2025. It was not probable that future taxable profits against which the losses and temporary differences can be utilized will be available in the relevant tax jurisdiction and entities.

(d) Deferred tax liabilities not recognized

For the year ended December 31, 2025, the Group did not recognize deferred tax liabilities of RMB36,512,000 (2024: RMB24,680,000), in respect of distributable profits of the Group's PRC subsidiaries amounted to RMB730,241,000 (2024: RMB493,600,000), as the Group controls the timing of the reversal of temporary differences associated with undistributed profits of these subsidiaries and it has been determined that it is probable that these undistributed profits earned by the Group's PRC subsidiaries will not be distributed in the foreseeable future in accordance with the Group's dividend policy. As at December 31, 2025, the deferred tax liabilities not recognized in respect of distributable profits of the Group's PRC subsidiaries is RMB234,505,000 (2024: RMB197,993,000, as restated).

31 PROVISIONS

	Provision for litigation RMB'000
At January 1, 2024	25,990
Provisions reversed during the year	(902)
Provisions utilised during the year	(3,088)
At December 31, 2024, January 1, 2025 and December 31, 2025	**22,000**

32 DEFERRED INCOME

As at December 31, 2025, deferred income represented unamortized conditional government grants amounting to RMB472,528,000 (2024: RMB400,149,000, as restated) for plant relocation and construction and technology research and development.

Deferred income relating to technology research and development is recognized as income upon the satisfaction of acceptance standards. Deferred income relating to plant relocation and construction is amortized over the useful life of the related property, plant and equipment upon the completion of the construction.

33 OTHER FINANCIAL LIABILITY

On February 24, 2024 and April 21, 2025, Simcere Zaiming, a PRC subsidiary of the Group, entered into capital contribution agreement with certain investors (the "**Investors**"), pursuant to which Simcere Zaiming issued additional 52,558,730 and 5,418,426 shares for consideration of RMB970,000,000 and RMB100,000,000, respectively.

In addition to voting rights and dividend rights same as other equity holders of Simcere Zaiming, certain special rights including repurchase rights, liquidation preference rights and anti-dilution rights are granted to the Investors.

After occurrence of certain events agreed in the agreement, the Investors shall have the right to require the Company and/or Simcere Zaiming to repurchase their shares in Simcere Zaiming at a repurchase price, which is the higher of (i) the investment amount paid by the Investors, plus an annual compound interest of 7% calculated from the payment date of its investment amount and further adjusted by any dividends; and (ii) the audited consolidated net book asset value of Simcere Zaiming as of the end of the most recent quarter. The Company recognized financial liabilities in accordance with the accounting policies set out in Note 2(r).

Since there is an obligation for the Group to purchase its own equity instrument for cash when certain conditions set out in the agreement are met, it gives rise to a financial liability for the present value of the redemption amount. The subsequent changes of the financial liability under amortized costs are recognized in profit or loss directly.

Movements of the redemption liabilities are as follows:

	Redemption liability RMB'000
At January 1, 2024	–
Grant of redemption right upon issuance of shares	970,000
Interest expenses arising from redemption liabilities	38,772
At December 31, 2024 and January 1, 2025	**1,008,772**
Grant of redemption right upon issuance of shares	**100,000**
Interest expenses arising from redemption liabilities	**74,545**
At December 31, 2025	**1,183,317**

34 OTHER NON-CURRENT LIABILITY

In 2023, Shandong Simcere entered into an agreement with the local government to relocate its production plant. The local government agreed to pay an amount of RMB230,000,000 as the compensation for the disposal of the property, plant and equipment and related relocation costs in the interest of urban planning. The relocation is expected to be completed in 2027. As at December 31, 2025, the Group had received from the local government RMB165,000,000 (2024: RMB165,000,000) in relation to the abovementioned compensation.

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) 2021 Restricted Share Unit ("RSU") scheme ("2021 RSU Scheme") adopted by the Company

On May 20, 2021, the board of the Company approved the adoption of the 2021 RSU Scheme and would grant up to 137,296,927 restricted shares to the Participants under the 2021 RSU Scheme in aggregate.

On June 15, 2023, the shareholders of the Company approved the amendments of the 2021 RSU Scheme and would grant up to 266,404,561 RSUs, representing 266,404,561 underlying shares to the Participants under the 2021 RSU Scheme in aggregate.

The Company allotted and issued shares to Futu Trustee Limited and Tricor Trust (Hong Kong) Limited ("**the Trustees**"), which will be further issued to Participants upon the vest of the RSUs granted under 2021 RSU Scheme. Neither the Participants nor the Trustees may exercise any of the voting rights in respect of any shares held by the Trustees for the purpose of the 2021 RSU Scheme.

(Expressed in Renminbi)

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS - *continued*

(a) 2021 Restricted Share Unit ("RSU") scheme ("2021 RSU Scheme") adopted by the Company - continued

(i) The terms and conditions of the grants are as follows:

Restricted shares granted to directors and employees:	Number of Restricted shares	Vesting condition	Price per restricted share RMB
2021 RSU Scheme			
– on July 16, 2021	10,838,000	Graded vest of one third per year over three years from the date of grant and subject to performance conditions	Nil
– on November 1, 2021	8,712,000	Graded vest of one third on August 27, 2022, 2023 and 2024, respectively, and subject to performance conditions	Nil
– on December 23, 2021	11,841,000	Graded vest of one third per year over three years from the date of grant and subject to performance conditions	Nil
– on May 11, 2022	6,810,000	Graded vest of one third of 1,500,000 RSUs on January 17, 2023, 2024 and 2025, respectively, one third of 5,310,000 RSUs per year over three years from the date of grant and both subject to performance conditions	Nil
– on September 28, 2022	14,489,000	Graded vest of one half of 80,000 RSUs on May 11, 2023 and 2024, Graded vest of one third of 528,000 RSUs on May 11, 2023, 2024 and 2025, respectively, one third of 13,881,000 RSUs per year over three years from the date of grant and both subject to performance conditions	Nil
– on November 9, 2022	3,669,000	Cliff vest of 154,000 RSUs on November 9, 2023, Graded vest of one third of 3,515,000 RSUs on November 9, 2023, 2024 and 2025, and both subject to performance conditions	Nil
– on June 28, 2023	4,282,000	Cliff vest of 76,000 RSUs on June 28, 2024, Graded vest of one third of 4,206,000 RSUs on June 28, 2024, 2025 and 2026, and both subject to performance conditions	Nil
– on March 21, 2024	3,817,500	Cliff vest of 430,500 RSUs on March 21, 2025, Graded vest of half of 126,000 RSUs on March 21, 2025 and 2026, respectively, Graded vest of one third of 3,261,000 RSUs on March 21, 2025, 2026 and 2027, respectively, and all subject to performance conditions	Nil
– on August 22, 2024	2,955,900	Cliff vest of 2,734,100 RSUs on August 22, 2025, Graded vest of one third of 221,800 RSUs on August 22, 2025, 2026 and 2027, respectively, and all subject to performance conditions	Nil

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS - *continued*

(a) 2021 Restricted Share Unit ("RSU") scheme ("2021 RSU Scheme") adopted by the Company - continued

(i) The terms and conditions of the grants are as follows: - continued

Restricted shares granted to directors and employees:	Number of Restricted shares	Vesting condition	Price per restricted share RMB
– on March 25, 2025	1,777,000	Cliff vest of 400,000 RSUs on March 25, 2026, Graded vest of one third of 1,377,000 RSUs on March 25, 2026, 2027 and 2028, respectively, and all subject to performance conditions	Nil
– on August 22, 2025	675,000	Graded vest of one third of 675,000 RSUs on August 22, 2026, 2027 and 2028, respectively, and all subject to performance conditions	Nil
– on December 1, 2025	15,258,100	Cliff vest of 100,000 RSUs on March 25, 2026, Graded vest of one third of 15,158,100 RSUs on December 1, 2026, 2027 and 2028, respectively, and all subject to performance conditions	Nil

(ii) A summary of restricted shares outstanding for the year ended December 31, 2025 and 2024:

	2025		2024	
	Weighted average grant-date fair value RMB	Number of restricted shares '000	Weighted average grant-date fair value RMB	Number of restricted shares '000
Balance at the beginning of the year	5.72	9,886,840	7.00	8,545,000
Grant during the year	12.31	17,710,100	5.13	6,773,400
Vested during the year	5.47	(5,108,540)	–	–
Forfeited during the year	6.15	(2,932,300)	6.74	(4,207,560)
Cancelled during the year	–	–	7.88	(1,224,000)
Balance at the end of the year	11.43	19,556,100	5.72	9,886,840

(Expressed in Renminbi)

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS - *continued*

(a) 2021 Restricted Share Unit ("RSU") scheme ("2021 RSU Scheme") adopted by the Company - continued

(iii) Fair value of restricted shares granted

The grant-date fair value of the restricted shares granted is measured at the market price of the Company's shares at the respective grant date.

Share-based payment expense of RMB22,622,000 (2024: RMB19,306,000) is recognized as staff costs in the consolidated statements of profit or loss for the year ended December 31, 2025.

(b) Share incentive scheme adopted by Simcere Zaiming

In March 2024, the board of directors and shareholders of Simcere Zaiming approved the adoption of a share incentive scheme ("**Zaiming Share Incentive Scheme**") to the directors, supervisors, senior management and core employees ("**the Zaiming Participants**") of the Group, pursuant to which, the number of total shares to be granted shall be 20,319,096 ordinary shares of Simcere Zaiming and to be subscribed for by the Zaiming Participants (either directly or through any intermediate shareholding vehicles). On December 30, 2025, the number of total shares to be granted was amended to be 20,531,500 ordinary shares of Simcere Zaiming.

The terms and conditions of the grants are as follows:

	Number of shares	Vesting condition	Consideration per share RMB
Zaiming Share Incentive Scheme			
– on March 20, 2024	17,113,000	Graded vest of one fourth per year over four years from the date of grant and subject to performance conditions	5.49
– on August 16, 2024	1,440,000	Graded vest of one fourth each year on March 20, 2025, 2026, 2027 and 2028 and subject to performance conditions	5.49
– on May 6, 2025	1,770,000	Graded vest of one fourth per year over four years from the date of grant and subject to performance conditions	5.83
– on December 30, 2025	2,351,000	Graded vest of one fourth per year over four years from the date of grant and subject to performance conditions	6.18

(Expressed in Renminbi)

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS - *continued*

(b) Share incentive scheme adopted by Simcere Zaiming - *continued*

Upon vesting of the relevant shares granted, the Zaiming Participants are obliged to pay the subscription price and make capital contribution to Simcere Zaiming directly or through share incentive vehicles. Failure to fully pay up capital contribution with respect to the vested shares will result in lapse of the relevant grant.

A summary of shares outstanding for the end of each reporting period:

	2025		2024	
	Exercise price weighted average RMB	Number of shares	Exercise price weighted average RMB	Number of shares
Balance at the beginning of the year	5.49	17,199,000	–	–
Grant during the year	6.03	4,121,000	5.49	18,553,000
Exercised during the year	5.49	(405,750)	–	–
Forfeited during the year	5.49	(788,500)	5.49	(1,354,000)
Balance at the end of the year	5.60	20,125,750	5.49	17,199,000
Exercisable at the end of the year		3,646,250		–

In December 2025, certain Zaiming Participants paid up the full subscription price of 405,750 vested shares as stipulated in Zaiming Share Incentive Scheme and the par value of the granted 3,217,250 shares, which amounted to an aggregate of RMB5,445,000, directly to the Simcere Zaiming.

In December 2025, certain Zaiming Participants paid up the full subscription price of 406,500 vested shares as stipulated in Zaiming Share Incentive Scheme and the par value of the granted 1,360,500 shares, which amounted to an aggregate of RMB3,592,000, to the Simcere Zaiming through the intermediate incentive shareholding vehicles. Intermediate incentive shareholding vehicles completed its capital injection to the Simcere Zaiming in January 2026.

(Expressed in Renminbi)

35 EQUITY SETTLED SHARE-BASED TRANSACTIONS - *continued*

(b) Share incentive scheme adopted by Simcere Zaiming - *continued*

Fair value of share granted:

The fair value of services received in return for the share granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model with the following assumptions:

Grant date	Risk-free interest rate	Expected volatility	Expected dividend yield
March 20, 2024/August 16, 2024	1.81% - 2.17%	57.69% - 64.64%	-
May 6, 2025	1.38% - 1.50%	60.65% - 64.93%	-
December 30, 2025	1.28% - 1.50%	58.48% - 65.54%	-

The spot price used in the Black-Scholes model was determined with reference to the fair value of the underlying equity interest of Simcere Zaiming in the recent capital transaction close to the grant date or based on the enterprise valuation using the market approach.

Share-based payment expense of RMB66,945,000 (2024: RMB76,983,000) is recognized as staff costs in the consolidated statements of profit or loss for the year ended December 31, 2025.

36 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Reserves			
The Company	Share capital RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at January 1, 2024	3,173,805	2,107,617	368,646	132,582	5,782,650
Changes in equity for 2024:					
Issue of shares for 2021 RSU scheme	–	–	–	–	–
Equity settled share-based transactions	–	13,072	–	–	13,072
Purchase of own shares	–	–	–	(687,985)	(687,985)
Dividends approved in respect of the previous year	–	–	–	(401,484)	(401,484)
Profit and total comprehensive income for the year	–	–	11,773	960,462	972,235
Balance at December 31, 2024 and January 1, 2025	**3,173,805**	**2,120,689**	**380,419**	**3,575**	**5,678,488**
Changes in equity for 2025:					
Issue of ordinary shares by placing, net of issuance costs	**1,418,033**	**–**	**–**	**–**	**1,418,033**
Equity settled share-based transactions	**–**	**24,274**	**–**	**–**	**24,274**
Vesting of restricted shares	**26,679**	**(26,679)**	**–**	**–**	**–**
Purchase of own shares	**–**	**–**	**–**	**(74,302)**	**(74,302)**
Dividends approved in respect of the previous year	**–**	**–**	**–**	**(390,746)**	**(390,746)**
Profit and total comprehensive income for the year	**–**	**–**	**(43,684)**	**647,566**	**603,882**
Balance at December 31, 2025	**4,618,517**	**2,118,284**	**336,735**	**186,093**	**7,259,629**

36 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(b) Dividends

(i) Dividend payable to equity shareholders of the Company attribute to the year:

	2025 RMB'000	2024 RMB'000
Dividends proposed after the end of the reporting period of RMB0.18 per ordinary share (2024: RMB0.16 per ordinary share)	467,226	397,811
Less: Dividends for unvested shares under 2021 RSU scheme	(5,225)	(5,462)
	462,001	392,349

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial years, declared and approved during the year:

	2025 RMB'000	2024 RMB'000
Dividends in respect of previous financial years approved and paid during the year, of RMB0.16 per share (2024: RMB0.16 per share)	390,746	401,484

36 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(c) Share capital

(i) Issued share capital

	Note	Number of outstanding shares fully paid	Number of shares held for RSU scheme	Total
Ordinary shares, issued and fully paid:				
At January 1, 2024		2,582,585,572	34,137,046	2,616,722,618
Purchase of own shares	(ii)	(130,402,000)	–	(130,402,000)
At December 31, 2024 and January 1, 2025		2,452,183,572	34,137,046	2,486,320,618
Purchase of own shares	(ii)	(11,623,000)	–	(11,623,000)
Issue of ordinary shares by placing, net of issuance costs	(a)	121,000,000	–	121,000,000
Vesting of restricted shares	(b)	5,108,540	(5,108,540)	–
At December 31, 2025		2,566,669,112	29,028,506	2,595,697,618

	Note	HKD '000	RMB equivalent '000
Ordinary shares, issued and fully paid:			
At January 1, 2024 and December 31, 2024 and January 1, 2025		3,666,127	3,173,805
Issue of ordinary shares by placing, net of issuance costs	(a)	1,553,498	1,418,033
Vesting of restricted shares	(b)	29,098	26,679
At December 31, 2025		5,248,723	4,618,517

Note:

(a) In September 2025, the Company completed one placement and issued a total of 121,000,000 shares to several investors with net proceeds of HKD1,553,498,000 (equivalent to RMB1,418,033,000).

(b) In 2025, a total of 5,108,540 restricted shares were vested under 2021 RSU Scheme, HKD29,098,000 (equivalent to RMB26,679,000) was transferred from the other reserve to the share capital account in accordance with policy set out in Note 2(s)(ii).

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares, except for the shares held by the Trustees, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(Expressed in Renminbi)

36 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(c) Share capital - *continued*

(ii) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/Year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price HKD
January 2025	8,336,000	6.93	6.34	55,107,010
April 2025	3,287,000	7.97	7.30	25,262,070
Total	11,623,000			80,369,080
Equivalent to RMB				74,302,000

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HKD80,369,080 (equivalent to RMB74,302,000) was paid wholly out of retained profits.

(d) Nature and purpose of reserves

(i) Other reserve

Other reserve primarily represented: (i) the paid-in capital of Simcere Pharmaceutical and Hainan Simcere prior to the transactions in June and August 2017 respectively, during the course of the reorganization under common control; (ii) the difference between the carrying value of the net assets acquired and the consideration paid for the acquisition of subsidiaries and non-controlling interests prior to the January 1, 2017 and during the course of the reorganization under common control; (iii) the accumulated share based compensation for the unexercised share options, which were cancelled upon the privatization of the former holding company of the Group's substantial operating business, Excel Investments Group Limited (formerly known as Simcere Investments Group); (iv) the portion of the grant date fair value of restricted shares granted by Simcere Pharmaceutical Holding Limited ("**SPHL**") to the directors of the Company and employees of the Group; (v) the accumulated share based payments for the unvested restricted shares granted under 2021 RSU Scheme, which are expected to vest, that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(s)(ii); and (vi) the differences between the consideration payable by the Group and the share capital of the entities acquired under common control.

36 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(d) Nature and purpose of reserves - *continued*

(ii) PRC statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy as set out in Note 2(x).

(iv) Fair value reserves (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(g)(ii)).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintaining a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

36 CAPITAL, RESERVES AND DIVIDENDS - *continued*

(e) Capital management - *continued*

The Group's adjusted net debt to capital ratio are as follows:

	2025 RMB'000	2024 RMB'000 (restated) (Note 41)
Current liabilities:		
Bank loans	1,052,478	1,051,139
Lease liabilities	57,341	67,559
	1,109,819	1,118,698
Non-current liabilities:		
Bank loans	7,479	8,254
Lease liabilities	69,635	82,417
	77,114	90,671
Total debt	1,186,933	1,209,369
Add: Proposed dividends	462,001	392,349
Less: Cash and cash equivalents	(3,512,088)	(1,952,586)
Adjusted net debt	(1,863,154)	(350,868)
Total equity	9,414,590	7,133,877
Less: Proposed dividends	(462,001)	(392,349)
Adjusted capital	8,952,589	6,741,528
Adjusted net debt to capital ratio	N/A	N/A

37 CAPITAL COMMITMENTS

Capital commitments outstanding at the respective year end not provided for in the consolidated financial statements are as follows:

	2025 RMB'000	2024 RMB'000 (restated)
Contracted for	437,697	437,184

38 CONTINGENT LIABILITIES

As of December 31, 2025, a subsidiary of the Group had an outstanding dispute with a third party, which made an indemnity claim of approximately RMB25 million against the Group. The result of this dispute was yet to be finalized. Based on the legal advice and available evidence, the directors do not believe it probable that the result will be against them. No provision has therefore been made in respect of this dispute.

39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9 is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	49,795	36,122
Contributions to defined contribution retirement plans	684	679
Equity settled share-based payment expenses	46,196	54,390
	96,675	91,191

Total remuneration is included in "staff costs" (see Note 6(b)).

39 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(b) Names and relationships of the related parties that had other material transactions with the Group:

Name of related party	Relationship
Mr. Ren Jinsheng	Ultimate controlling shareholder of the Group
Beijing Simcere Sanroad Biological Products Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
BioSciKin Precision Medical Holding Group Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Medway Culture Media Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing BioSciKin Asset Management Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Shanghai Xianbo Biological Technology Co.,Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Xianhe Health Management Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Nanjing Xuanwu Youai Clinic Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Jiangsu Simcere Medical Device Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Shenzhen Xianbo Biotechnology Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Hainan Baimai Investment Co., Ltd.	Controlled by the ultimate controlling shareholder of the Group
Jiangsu Yoai Technology Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Jiangsu Simcere Medical Diagnostics Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Beijing Simcere Medical Inspection Laboratory Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	Controlled by a close family member of the ultimate controlling shareholder of the Group
Nanjing Ruichu Pharmaceutical Co., Ltd.	Associate of the Group
Nanjing Coenlis Pharmaceutical Co., Ltd.	Associate of the Group
Jiaxing Andicon Biotechnology Co., Ltd.	Associate of the Group
Jiangsu Xinhaikang Pharmaceutical Co., Ltd.	Joint venture of the Group

39 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(c) Other significant related party transactions

The Group had following transactions with related parties:

	2025 RMB'000	2024 RMB'000
Purchase of goods		
Jiangsu Xinhaikang Pharmaceutical Co., Ltd.	36,655	40,142
Shanghai Xianbo Biological Technology Co., Ltd.	4	491
Jiangsu Simcere Medical Diagnostics Co., Ltd.	–	15
Hainan Baimai Investment Co., Ltd.	91	–
	36,750	40,648
Purchase of services		
Beijing Simcere Sanroad Biological Products Co., Ltd.	87,027	32,246
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	1,968	1,008
Nanjing Medway Culture Media Co., Ltd.	693	765
Nanjing Xuanwu Youai Clinic Co., Ltd.	–	39
Jiangsu Simcere Medical Diagnostics Co., Ltd.	928	4
Jiangsu Simcere Medical Device Co., Ltd.	4	–
	90,620	34,062
Sales of goods		
BioSciKin Precision Medical Holding Group Co., Ltd.	–	1
Jiangsu Xinhaikang Pharmaceutical Co., Ltd.	6	–
	6	1

39 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(c) Other significant related party transactions - *continued*

	2025 RMB'000	2024 RMB'000
Rendering of services		
Jiangsu Simcere Medical Diagnostics Co., Ltd.	3,851	5,370
Jiaxing Andicon Biotechnology Co., Ltd.	1,926	3,415
Nanjing Ruichu Pharmaceutical Co., Ltd.	509	528
Beijing Simcere Sanroad Biological Products Co., Ltd.	118	40
BioSciKin Precision Medical Holding Group Co., Ltd.	74	16
Jiangsu Simcere Medical Device Co., Ltd.	11	–
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	10	–
Shenzhen Xianbo Biotechnology Co., Ltd.	8	–
Nanjing Coenlis Pharmaceutical Co., Ltd.	69	5
Shanghai Xianbo Biological Technology Co., Ltd.	–	4
	6,576	9,378
Receiving rental, property management and other related services		
BioSciKin Precision Medical Holding Group Co., Ltd.	22,065	22,176
Nanjing BioSciKin Asset Management Co., Ltd.	2,590	2,092
	24,655	24,268
Acquisition of interest in subsidiary under common control from		
Beijing Simcere Sanroad Biological Products Co., Ltd.	65,661	–
Acquisition of property, plant and equipment		
Beijing Simcere Sanroad Biological Products Co., Ltd.	17,012	–

39 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(d) Significant related party balances

The Group had following trade in nature balances with related parties:

Trade in nature:	2025 RMB'000	2024 RMB'000
Trade and bills receivables		
Jiangsu Simcere Medical Diagnostics Co., Ltd.	4,067	5,144
Nanjing Ruichu Pharmaceutical Co., Ltd.	114	197
Jiangsu Simcere Medical Device Co., Ltd.	11	–
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	10	–
Nanjing Coenlis Pharmaceutical Co., Ltd.	6	5
	4,208	5,346
Prepayments, deposits and other receivables		
Jiaxing Andicon Biotechnology Co., Ltd.	124	749
Nanjing Xianhe Health Management Co., Ltd.	–	342
Jiangsu Simcere Medical Diagnostics Co., Ltd.	23	212
Jiangsu Yoai Technology Co., Ltd.	124	124
BioSciKin Precision Medical Holding Group Co., Ltd.	82	18
Beijing Simcere Sanroad Biological Products Co., Ltd.	9	–
	362	1,445
Trade and bills payables		
Jiangsu Xinhaikang Pharmaceutical Co., Ltd.	1,862	6,414
Other payables and accruals		
Beijing Simcere Sanroad Biological Products Co., Ltd.	2,114	13,665
BioSciKin Precision Medical Holding Group Co., Ltd.	186	186
Nanjing Simcere Medical Inspection Laboratory Co., Ltd.	342	–
Hainan Baimai Investment Co., Ltd.	91	–
Nanjing Xuanwu Youai Clinic Co., Ltd.	18	18
Nanjing Medway Culture Media Co., Ltd.	–	50
Jiangsu Yoai Technology Co., Ltd.	11	11
	2,762	13,930

The Group did not have any non-trade in nature balances with related parties as at December 31, 2025 and 2024.

39 MATERIAL RELATED PARTY TRANSACTIONS - *continued*

(e) Leasing arrangements

During the year ended December 31, 2024, the Group newly entered into eight lease contracts with a related party in respect of leasehold properties for research and development activities or office use, with lease term of two to three years. At the commencement date of the lease, the Group recognized a right-of-use asset and a lease liability of RMB23,089,000. As at December 31, 2024, the balance of right-of-use assets and lease liabilities for lease contracts with related parties amounted to RMB17,877,000 and RMB16,914,000, respectively.

During the year ended December 31, 2025, the Group newly entered into seventeen lease contracts with a related party in respect of leasehold properties for research and development activities or office use, with lease term of three years. At the commencement date of the lease, the Group recognized a right-of-use asset and a lease liability of RMB61,490,000. As at December 31, 2025, the balance of right-of-use assets and lease liabilities for lease contracts with related parties amounted to RMB54,582,000 and RMB54,892,000 respectively.

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions during the year ended December 31, 2025 in respect of purchasing services from Beijing Simcere Sanroad Biological Products Co., Ltd., Nanjing Simcere Medical Inspection Laboratory Co., Ltd., and Jiangsu Simcere Medical Diagnostics Co., Ltd., receiving rental, property management and other related services from BioSciKin Precision Medical Holding Group Co., Ltd. and Nanjing BioSciKin Asset Management Co., Ltd., rendering of services to Jiangsu Simcere Medical Diagnostics Co., Ltd., acquisition of equity interest in a subsidiary from Beijing Simcere Sanroad Biological Products Co., Ltd., constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

The related party transactions in respect of purchasing goods and services from Shanghai Xianbo Biological Technology Co., Ltd., Hainan Baimai Investment Co., Ltd., Jiangsu Simcere Medical Device Co., Ltd. and Nanjing Medway Culture Media Co., Ltd., rendering of services to Beijing Simcere Sanroad Biological Products Co., Ltd., Jiangsu Simcere Medical Device Co., Ltd., Nanjing Simcere Medical Inspection Laboratory Co., Ltd., BioSciKin Precision Medical Holding Group Co., Ltd. and Shenzhen Xianbo Biotechnology Co., Ltd., constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those continuing connected transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) or they are sharing of administrative services under Rule 14A.98.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, pledged deposits, restricted deposits, time deposits and bills receivable is limited because the counterparties are reputable financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2025, 12% (2024: 2%) of trade receivables were due from the Group's largest customer and 21% (2024: 11%) of trade receivables were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(a) Credit risk - *continued*

Trade receivables - continued

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at the end of each reporting period:

	At December 31, 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.2%	1,841,757	2,883
Less than 3 months past due	0.3%	623,749	2,134
More than 3 months but less than 6 months past due	3.9%	19,784	780
More than 6 months but less than 9 months past due	27.1%	1,484	402
More than 9 months but less than 12 months past due	90.0%	30	27
More than 12 months past due	100.0%	7,186	7,186
		2,493,990	13,412

	At December 31, 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.2%	1,730,512	3,152
Less than 3 months past due	0.4%	553,787	2,285
More than 3 months but less than 6 months past due	4.2%	57,743	2,412
More than 6 months but less than 9 months past due	26.8%	5,840	1,563
More than 9 months but less than 12 months past due	87.5%	663	580
More than 12 months past due	100.0%	6,371	6,371
		2,354,916	16,363

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(a) Credit risk - *continued*

Trade receivables - continued

Movement in the loss allowance in respect of trade receivables is as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	16,363	23,175
Impairment loss reversed	(2,951)	(6,812)
At the end of the year	13,412	16,363

Credit risk arising from loan to a third party

The loan to a third party is fully secured by machinery held by the third party. The maximum exposure to credit risk in respect of the loan at the end of the reporting period, without taking into account the collateral, and the key terms of the loans are disclosed in Note 20.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(b) Liquidity risk - *continued*

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

	At December 31, 2025					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2025 RMB'000
Bank loans	1,057,531	700	2,101	6,805	1,067,137	1,059,957
Lease liabilities	59,345	39,458	33,336	-	132,139	126,976
Trade and bills payables	249,032	-	-	-	249,032	249,032
Other payables and accruals	1,898,494	-	-	-	1,898,494	1,898,494
Other financial liability	-	-	1,449,883	-	1,449,883	1,183,317
	3,264,402	40,158	1,485,320	6,805	4,796,685	4,517,776

	At December 31, 2024 (restated)					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2024 RMB'000
Bank loans	1,056,316	716	2,148	6,741	1,065,921	1,059,393
Lease liabilities	70,161	37,697	53,275	-	161,133	149,976
Trade and bills payables	276,064	-	-	-	276,064	276,064
Other payables and accruals	1,157,557	-	-	-	1,157,557	1,157,557
Other financial liability	-	-	1,194,350	-	1,194,350	1,008,772
	2,560,098	38,413	1,249,773	6,741	3,855,025	3,651,762

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from short-term and long-term borrowings and time deposits. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below:

	2025		2024 (restated)	
	Effective Interest rate %	Amount RMB'000	Effective Interest rate %	Amount RMB'000
Fixed rate financial instruments:				
Financial assets				
– Time deposits (current portion)	2.00%-2.90%	65,528	1.80%	10,000
– Time deposits (non-current portion)	2.15%-2.40%	748,603	2.15%-2.90%	498,140
– Loan to a third party	3.45%	100,105	3.45%	100,105
Financial liabilities:				
– Bank loans	0.50%-1.05%	(1,059,957)	0.86%-1.06%	(1,051,139)
Total		(145,721)		(442,894)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and borrowings which give rise to cash balances and bank loans that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and RMB.

(i) Exposure to currency risk

The following table details the Group's exposure as at December 31, 2025 to currency risk arising from the recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of exposure are shown in RMB translated using the spot rate of the end of each reporting period. Differences resulting from the translation of the financial statements of the Group's subsidiaries with functional currency other than RMB into the Group's presentation currency are excluded.

	2025 RMB'000	2024 RMB'000
USD		
Cash and cash equivalents	732,223	12,012
Trade and other receivables	428,366	1,450
Trade and other payables	(336,241)	(137,008)
Net exposure	824,348	(123,546)

	2025 RMB'000	2024 RMB'000
RMB		
Cash and cash equivalents	240,126	11,161
Trade and other payables	(662,200)	(434,510)
Net exposure	(422,074)	(423,349)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(d) Currency risk - *continued*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
USD	**5%**	**32,573**	5%	(5,188)
	(5%)	**(32,573)**	(5%)	5,188
RMB	**5%**	**(16,729)**	5%	(16,833)
	(5%)	**16,729**	(5%)	16,833

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group subsidiaries' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of entities whose functional currency is not RMB. The analysis is performed on the same basis for 2024.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(e) Fair value measurement

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
– Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
– Level 3 valuations:	Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity investments and unlisted units in investment funds which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(e) Fair value measurement - *continued*

Fair value hierarchy - continued

	Fair value at December 31, 2025 RMB'000	Fair value measurement at December 31, 2025 categorized into Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	22,233	22,233	–	–
– Unlisted equity investments	275,132	–	275,132	–
Financial assets at FVPL				
– Listed equity securities	265,068	265,068	–	–
– Unlisted equity investments	373,550	–	253,773	119,777
– Unlisted units in investment funds	504,942	–	–	504,942
Interest in associates	50,558	–	50,558	–

	Fair value at December 31, 2024 RMB'000	Fair value measurement at December 31, 2024 categorized into Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets at FVOCI				
– Listed equity securities	4,857	4,857	–	–
– Unlisted equity investments	275,132	–	275,132	–
Financial assets at FVPL				
– Listed equity security	65,718	65,718	–	–
– Unlisted equity investments	386,567	–	200,927	185,640
– Unlisted units in investment funds	509,217	–	–	509,217
Interest in associates	40,000	–	40,000	–

(Expressed in Renminbi)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(e) Fair value measurement - *continued*

Fair value hierarchy - continued

During the year ended December 31, 2025, there were no transfers between Level 1 and Level 2. During the year ended December 31, 2025, there were transfers of amount of RMB35,943,000 (2024: RMB66,033,000) from Level 2 to Level 3 due to significant unobservable inputs in 2025. During the year ended December 31, 2025, there were transfers of amount of RMB110,701,000 (2024: RMB142,480,000) from Level 3 to Level 2 due to the available recently comparable transaction not using significant unobservable inputs in 2025. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted equity securities and certain unlisted equity investments in Level 2 is determined by recent comparable transaction price on the market. These investments were either acquired, re-invested by the Group recently or newly financed on the market.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
– Unlisted equity investments	Comparable transactions adjusted approach/market approach (Note i)	Changing trend of medium market multiples of comparable companies/medium market multiples of comparable companies
– Unlisted units in investment funds	Net asset value (Note ii)	Net asset value of underlying investments

Notes:

(i) The fair value of certain unlisted equity investments is determined using comparable transactions adjusted approach or market approach adjusted for changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies or medium market multiples of comparable companies. As at December 31, 2025, it is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies or medium market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the year by RMB5,373,000 (2024: RMB8,667,000).

(ii) The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at December 31, 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the year by RMB22,694,000 (2024: RMB23,004,000).

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(e) Fair value measurement - *continued*

Information about Level 3 fair value measurements - continued

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	At December 31, 2025 RMB'000	At December 31, 2024 RMB'000
Financial assets at FVPL		
At January 1	694,857	970,696
Net realized and unrealized losses on financial assets at fair value through profit or loss	(37,403)	(250,218)
Purchases	55,267	96,350
Sales and settlements	(5,550)	(54,386)
Exchange difference	(7,694)	8,862
Transfer to Level 2	(110,701)	(142,480)
Transfer from Level 2	35,943	66,033
At December 31	624,719	694,857

All financial instruments carried at cost or amortized cost are at amounts not materially different from their values as at December 31, 2025.

(f) Equity price risk

The Group is exposed to equity price changes arising from financial assets measured as FVPL or FVOCI (see Notes 18 and 19).

The Group's listed investments are listed on the NASDAQ or Hong Kong Stock Exchange. Their performance is assessed at least semi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - *continued*

(f) Equity price risk - *continued*

As at December 31, 2025, it is estimated that an increase/(decrease) of 1% (2024: 1%) in the equity prices of the respective instruments, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

		2025		2024	
		Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
Change in the equity price					
Increase	1%	2,553	189	549	41
Decrease	(1%)	(2,553)	(189)	(549)	(41)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2024.

41 BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in Note 2(b) to these consolidated financial statements, the acquisition of Hainan Xianwei has been accounted for in accordance with the principles of merger accounting.

The financial position previously reported by the Group as December 31, 2024 has been restated to include the assets and liabilities of the combining entities recognized at the carrying value based on the controlling party's financial statements as set out below:

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Non-current assets				
Property, plant and equipment	2,269,544	57,838	–	2,327,382
Intangible assets	1,025,438	–	–	1,025,438
Goodwill	142,474	–	–	142,474
Interest in associates	50,870	–	–	50,870
Interest in joint ventures	102,342	–	–	102,342
Prepayments, deposits and other receivables	178,191	5,640	–	183,831
Financial assets at fair value through other comprehensive income	279,989	–	–	279,989
Financial assets at fair value through profit or loss	961,502	–	–	961,502
Loan to a third party	100,105	–	–	100,105
Time deposits	498,140	–	–	498,140
Deferred tax assets	435,589	–	–	435,589
	6,044,184	63,478	–	6,107,662
Current assets				
Inventories	593,649	120	–	593,769
Contract assets	4,611	–	–	4,611
Trade and bills receivables	2,699,825	–	–	2,699,825
Prepayments, deposits and other receivables	178,525	7,128	(320)	185,333
Pledged deposits	24,050	–	–	24,050
Restricted deposits	22,014	–	–	22,014
Time deposits	–	10,000	–	10,000
Cash and cash equivalents	1,943,069	9,517	–	1,952,586
	5,465,743	26,765	(320)	5,492,188

41 BUSINESS COMBINATION UNDER COMMON CONTROL - *continued*

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Current liabilities				
Bank loans	1,051,139	–	–	1,051,139
Lease liabilities	67,559	–	–	67,559
Trade and bills payables	275,725	339	–	276,064
Other payables and accruals	1,156,198	1,679	(320)	1,157,557
Taxation payable	154,358	–	–	154,358
Provisions	22,000	–	–	22,000
	2,726,979	2,018	(320)	2,728,677
Net current assets	2,738,764	24,747	–	2,763,511
Total assets less current liabilities	8,782,948	88,225	–	8,871,173
Non-current liabilities				
Bank loans	8,254	–	–	8,254
Lease liabilities	82,417	–	–	82,417
Deferred income	377,686	22,463	–	400,149
Deferred tax liabilities	72,704	–	–	72,704
Other financial liability	1,008,772	–	–	1,008,772
Other non-current liability	165,000	–	–	165,000
	1,714,833	22,463	–	1,737,296
NET ASSETS	7,068,115	65,762	–	7,133,877
CAPITAL AND RESERVES				
Share capital	3,173,805	100,000	(100,000)	3,173,805
Reserves	3,894,310	(34,238)	100,000	3,960,072
Total equity attributable to equity shareholders of the Company	7,068,115	65,762	–	7,133,877
Non-controlling interest	–	–	–	–
TOTAL EQUITY	7,068,115	65,762	–	7,133,877

41 BUSINESS COMBINATION UNDER COMMON CONTROL - *continued*

The financial performance previously reported by the Group for the year ended December 31, 2024 have been restated to include the operating results of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Revenue	6,635,211	–	–	6,635,211
Cost of sales	(1,310,632)	–	–	(1,310,632)
Gross profit	5,324,579	–	–	5,324,579
Other income	251,568	75	(808)	250,835
Other net loss	(287,721)	–	–	(287,721)
Research and development costs	(1,410,115)	(7,985)	808	(1,417,292)
Selling and distribution expenses	(2,511,065)	–	–	(2,511,065)
Administrative and other operating expenses	(526,041)	(3,646)	–	(529,687)
Reversal of impairment loss on trade and other receivables	6,842	–	–	6,842
Profit from operations	848,047	(11,556)	–	836,491
Finance income	39,226	393	–	39,619
Finance costs	(30,785)	–	–	(30,785)
Interest expenses arising from redemption liabilities	(38,772)	–	–	(38,772)
Net finance costs	(30,331)	393	–	(29,938)
Share of losses of associates	(1,632)	–	–	(1,632)
Share of profits of joint ventures	3,794	–	–	3,794
Profit before taxation	819,878	(11,163)	–	808,715
Income tax	(86,713)	–	–	(86,713)
Profit for the year	733,165	(11,163)	–	722,002

41 BUSINESS COMBINATION UNDER COMMON CONTROL - *continued*

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Attributable to:				
Equity shareholders of the Company	733,165	(11,163)	–	722,002
Non-controlling interests	–	–	–	–
Profit for the year	733,165	(11,163)	–	722,002
Earnings per share				
– Basic and diluted (RMB)	0.29			0.29

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Profit for the year	733,165	(11,163)	–	722,002
Other comprehensive income for the year (after tax)				
Items that will not be reclassified to profit or loss:				
Financial assets at fair value through other comprehensive income (FVOCI) - net movement in fair value reserves (non-recycling), net of tax	89,186	–	–	89,186
Exchange difference on translation of company level financial statements	8,952	–	–	8,952
Items that will be reclassified to profit or loss:				
Exchange difference on translation of financial statements of overseas subsidiaries	5,735	–	–	5,735
Other comprehensive income for the year	103,873	–	–	103,873
Total comprehensive income for the year	837,038	(11,163)	–	825,875

41 BUSINESS COMBINATION UNDER COMMON CONTROL - *continued*

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Attributable to:				
Equity shareholders of the Company	837,038	(11,163)	–	825,875
Non-controlling interests	–	–	–	–
Total comprehensive income for the year	837,038	(11,163)	–	825,875

The cash flows previously reported by the Group for the year ended December 31, 2024 have been restated to include the cash flows of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	Hainan Xianwei RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Net cash generated from/(used in) operating activities	1,391,116	16	–	1,391,132
Net cash used in investing activities	(1,050,092)	(22,611)	–	(1,072,703)
Net cash (used in)/generated from financing activities	(407,403)	30,840	–	(376,563)
Net (decrease)/increase in cash and cash equivalents	(66,379)	8,245	–	(58,134)
Cash and cash equivalents as at January 1, 2024	2,007,162	1,272	–	2,008,434
Effect of foreign exchange rate changes	2,286	–	–	2,286
Cash and cash equivalents as at December 31, 2024	1,943,069	9,517	–	1,952,586

42 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	1,523	2,082
Interest in subsidiaries	4,545,599	5,015,315
Financial assets at fair value through profit or loss	621,611	428,410
	5,168,733	5,445,807
Current assets		
Trade receivables	477	–
Other receivables	311	372
Amount due from subsidiaries	782,631	757,477
Loans to subsidiaries	22,026	18,118
Restricted deposits	–	13,070
Inventories	433	–
Cash and cash equivalents	1,302,428	32,578
	2,108,306	821,615
Current liabilities		
Loans from subsidiaries	2,510	577,733
Other payables	4,483	784
Taxation payable	10,417	10,417
	17,410	588,934
Net current assets	2,090,896	232,681
Total assets less current liabilities	7,259,629	5,678,488
NET ASSETS	7,259,629	5,678,488

42 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION - *continued*

	2025 RMB'000	2024 RMB'000
CAPITAL AND RESERVES		
Share capital	**4,618,517**	3,173,805
Reserves	**2,641,112**	2,504,683
TOTAL EQUITY	**7,259,629**	5,678,488

Approved and authorised for issue by the board of directors on March 25, 2026.

Ren Jinsheng)
)
)
) Directors
)
Wan Yushan)
)

43 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Company planned to spin off and separately list the H shares of Simcere Zaiming, a subsidiary of the Company, on the Main Board of the Stock Exchange. On January 9, 2026, Simcere Zaiming submitted a listing application form to the Stock Exchange to apply for the listing of the Simcere Zaiming's H shares on the Main Board of the Stock Exchange.

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in Note 36(b).

44 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2025, the directors of the Company consider the immediate parent of the Group is SPHL, a company incorporated in Cayman Islands. The ultimate controlling party of the Group is Mr. Ren Jinsheng, Chairman of the Group. SPHL does not produce financial statements available for public use.

(Expressed in Renminbi)

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standard, which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, *Contracts Referencing Nature-dependent Electricity*	January 1, 2026
Amendments to HKFRS 9 and HKFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
Annual improvements to HKFRS Accounting Standards - Volume 11	January 1, 2026
HKFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027
Amendments to HKAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025 *- continued*

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

FINANCIAL SUMMARY

RESULTS

	2025 RMB'000	2024 RMB'000 (restated)	2023 RMB'000 (restated)	2022 RMB'000 (restated)	2021 RMB'000 (restated)
Revenue	**7,731,411**	6,635,211	6,607,805	6,324,082	5,006,643
Gross Profit	**6,309,856**	5,324,579	4,984,153	4,996,678	3,921,503
Research and development costs	**(1,563,018)**	(1,417,292)	(1,574,329)	(1,729,858)	(1,416,746)
Profit before taxation	**1,514,330**	808,715	723,710	881,897	1,401,125
Profit for the year	**1,344,008**	722,002	697,622	922,375	1,498,249
Profit attributable to equity shareholders of the Company	**1,344,008**	722,002	698,432	926,511	1,506,424

ASSETS AND LIABILITIES

	2025 RMB'000	2024 RMB'000 (restated)	2023 RMB'000 (restated)	2022 RMB'000 (restated)	2021 RMB'000 (restated)
Non-current assets	**7,335,862**	6,107,662	5,265,407	5,374,285	5,185,484
Current assets	**7,389,771**	5,492,188	5,641,102	5,465,982	4,984,493
Total assets	**14,725,633**	11,599,850	10,906,509	10,840,267	10,169,977
Non-current liabilities	**(1,965,994)**	(1,737,296)	(946,494)	(674,562)	(634,623)
Current liabilities	**(3,345,049)**	(2,728,677)	(2,690,350)	(2,978,131)	(3,065,748)
Total liabilities	**(5,311,043)**	(4,465,973)	(3,636,844)	(3,652,693)	(3,700,371)
Total equity	**(9,414,590)**	(7,133,877)	(7,269,664)	(7,187,574)	(6,469,606)