



**SINO BIOPHARMACEUTICAL LIMITED**

**中國生物製藥有限公司**

*(Incorporated in the Cayman Islands with Limited Liability)*

Website: [www.sbpgroup.com](http://www.sbpgroup.com)

(Stock Code: 1177)

Annual Report

**2025**



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# Corporate Profile



Sino Biopharmaceutical Limited (the “Company”, together with its subsidiaries, the “Group”) is a leading, innovative R&D-driven pharmaceutical group in China. It prides itself on a fully-integrated end to end capabilities, covering drug R&D, intelligent production and commercial sales. Its product portfolio covers a wide range of biologics and small molecule drugs, with a strong leadership position across four core therapeutic areas: oncology, liver/ cardiometabolic diseases, respiratory/autoimmune diseases, and surgery/analgesia.

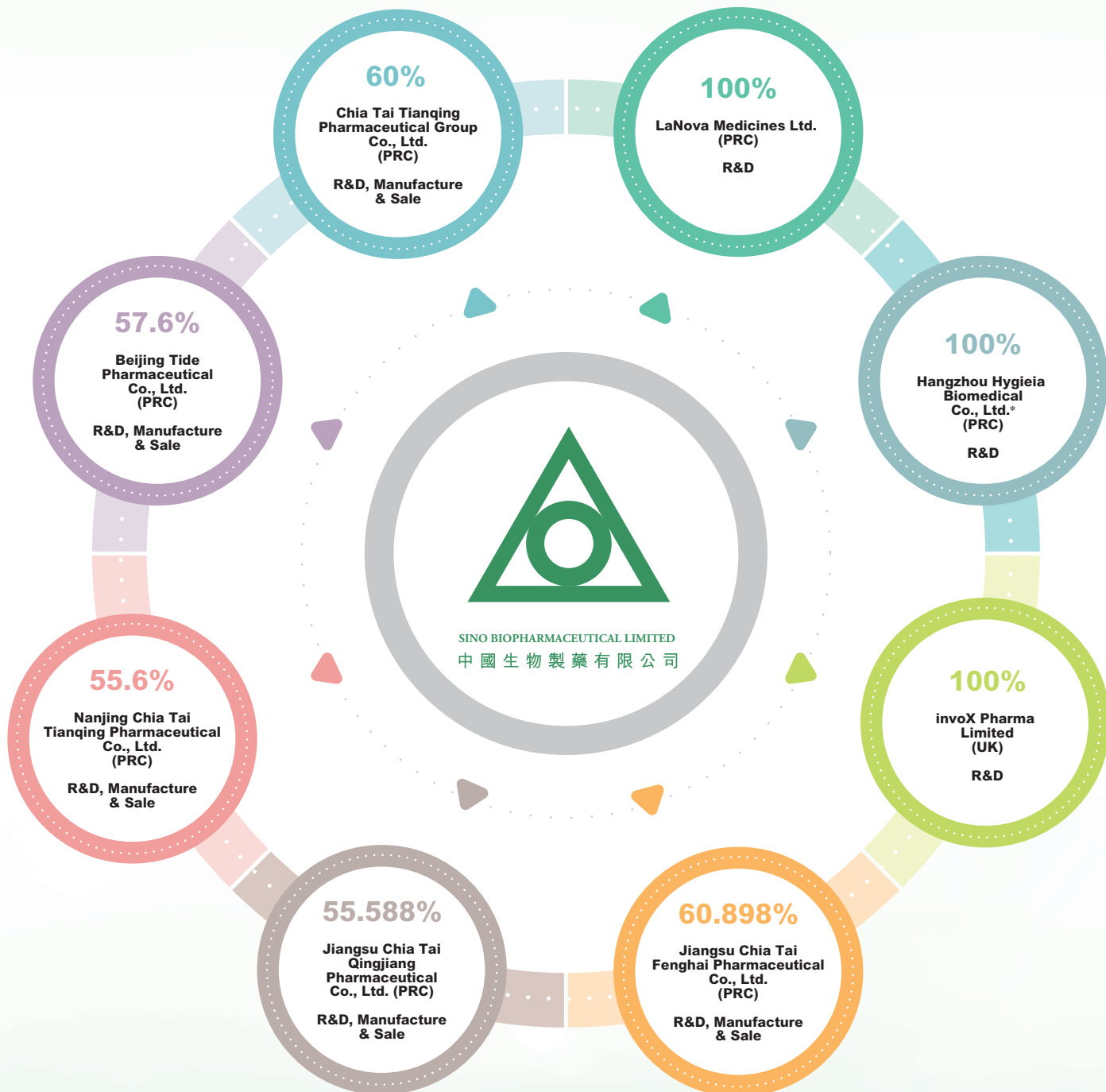
The Company was listed on the Hong Kong Stock Exchange in 2000 and included as a constituent stock of MSCI Global Standard Indices – MSCI China Index in 2013, Hang Seng Index in 2018, and Hang Seng Connect Biotech 50 Index and Hang Seng China (Hong Kong-listed) 25 Index in 2020. It has been among the “Top 50 Global Pharmaceutical Enterprises” named by the prestigious US magazine Pharm Exec for seven consecutive years and among the “Asia’s Fab 50 Companies” named by Forbes Asia for three consecutive years.

The subsidiaries of the Group are located in Beijing, Shanghai, Nanjing, Lianyungang among others with multiple manufacturing sites. Since its inception, the Group has continued to boast outstanding achievements and robust growth. Its core member companies include Chia Tai Tianqing Pharmaceutical Group Co., Ltd. (“CT Tianqing”), Beijing Tide Pharmaceutical Co., Ltd. (“Beijing Tide”), LaNova Medicines Limited (“LaNova Medicines”), Hangzhou Hygieia Biomedical Co., Ltd. (“Hygieia”), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. (“NJCTT”), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. (“Chia Tai Qingjiang”), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. (“Chia Tai Fenghai”) and invoX Pharma Limited (“invoX”).

Committed to its mission of “Science for a Healthier World,” Sino Biopharmaceutical Limited focuses on developing innovative therapies for patients, and aims to become a world-leading pharmaceutical company.

## PRINCIPAL SUBSIDIARIES OF THE GROUP

Fig 1.1



\* The acquisition was completed in March 2026.

# Financial Summary

A summary of the published results and assets, liabilities, net assets and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000
<b>CONTINUING OPERATIONS</b>					
REVENUE	<b>31,834,488</b>	28,866,159	26,199,409	26,026,164	26,861,356
Cost of sales	<b>(5,707,740)</b>	(5,336,218)	(4,989,877)	(4,487,616)	(5,332,095)
Gross profit	<b>26,126,748</b>	23,529,941	21,209,532	21,538,548	21,529,261
Other income	<b>2,015,449</b>	1,207,037	756,097	493,718	644,956
Other (losses)/gains, net	<b>(1,495,308)</b>	(1,184,526)	(142,816)	(258,733)	251,694
Selling and distribution costs	<b>(10,993,276)</b>	(10,077,966)	(9,193,351)	(9,809,372)	(10,518,393)
Administrative expenses	<b>(2,143,529)</b>	(2,081,510)	(1,873,284)	(1,899,408)	(2,185,234)
Research and development costs	<b>(5,866,243)</b>	(5,089,203)	(4,402,973)	(4,164,498)	(3,677,259)
Other expenses	<b>(904,347)</b>	(1,112,453)	(300,687)	(298,824)	(956,582)
<i>Finance income</i>	<b>633,592</b>	499,564	378,335	195,908	162,057
<i>Finance costs</i>	<b>(278,314)</b>	(295,117)	(495,237)	(429,494)	(308,617)
Net finance income/(costs)	<b>355,278</b>	204,447	(116,902)	(233,586)	(146,560)
Share of profits and losses of associates and joint ventures	<b>(151,376)</b>	(118,299)	(525,710)	(152,976)	13,630,790
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>6,943,396</b>	5,277,468	5,409,906	5,214,869	18,572,673
Income tax expenses	<b>(1,628,867)</b>	(492,918)	(797,267)	(696,716)	(1,957,880)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>5,314,529</b>	4,784,550	4,612,639	4,518,153	16,614,793
<b>DISCONTINUED OPERATIONS</b>					
Profit for the year from discontinued operations	-	1,580,132	484,759	484,465	-
<b>PROFIT FOR THE YEAR</b>	<b>5,314,529</b>	6,364,682	5,097,398	5,002,618	16,614,793
Attributable to:					
Owners of the parent	<b>2,343,348</b>	3,499,834	2,331,939	2,543,570	14,608,412
Non-controlling interests	<b>2,971,181</b>	2,864,848	2,765,459	2,459,048	2,006,381
	<b>5,314,529</b>	6,364,682	5,097,398	5,002,618	16,614,793
<b>TOTAL ASSETS</b>	<b>76,009,821</b>	65,408,069	63,604,819	64,064,284	60,543,337
<b>TOTAL LIABILITIES</b>	<b>(33,923,894)</b>	(22,633,999)	(25,434,866)	(26,120,736)	(22,814,314)
<b>NET ASSETS</b>	<b>42,085,927</b>	42,774,070	38,169,953	37,943,548	37,729,023
<b>NON-CONTROLLING INTERESTS</b>	<b>(11,414,969)</b>	(10,813,281)	(7,695,484)	(8,196,513)	(7,437,907)
<b>UNDERLYING PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>4,540,970</b>	3,457,113	2,588,783	2,549,384	2,564,760

# Chairwoman's Statement

## **Dear Shareholders,**

On behalf of the Board of Directors, I am pleased to report the results of the Group for the year ended 31 December 2025.



# Chairwoman's Statement

2025 marks a pivotal year for the Group as it accelerated innovation breakthroughs and deepened its strategic footprint. The Group has always been patient oriented with continuous focus on innovative R&D, globalization and strategic collaboration. Leveraging a synergistic ecosystem that combines in-house R&D with open collaboration, the Group is driving steady growth in its core business and long-term value, aiming to reach new heights and deliver breakthrough results.

## I. Innovative R&D: Entering a Harvest Period with Blockbuster New Drugs Driving Growth

Benefiting from years of continuous investment in R&D, the Group has officially entered a harvest period of innovative products approval. Over the past three years (2023-2025), the Group has cumulatively obtained approval for 16 innovative products, including 7 national category 1 innovative drugs. With industry-leading efficiency in translating innovation into commercial success, the Group has delivered double-digit revenue growth for multiple consecutive years, significantly outpacing the industry average.

The Group actively embraces digitalization and AI to empower drug R&D. It has successfully built an intelligent R&D platform covering key stages, such as target discovery and molecular design, which is widely applied across small molecules, protein degraders and other fields, significantly enhancing the R&D efficiency and innovation quality. Looking forward to the next three years (2026-2028), the Group's innovative pipeline will experience a new round of explosive growth. It is expected that nearly 20 national category 1 innovative drugs will be approved for marketing, covering multiple blockbuster products with global first-in-class (FIC)/best-in-class (BIC) potential. By the end of 2028, the Group is expected to have a total of around 40 marketed innovative products, which will serve as the core engine driving its

performance growth. Moving forward, the Group will continue to focus on four core therapeutic areas: oncology, liver/cardiometabolic diseases, respiratory/autoimmune diseases, and surgical/analgesia and further empower the entire R&D process with AI and continuously enhance its innovative R&D capabilities to drive steady growth in the results.

## II. Globalization: Accelerating Global Innovation and Unlocking a Second Growth Driver through Licensing and Partnerships

Leveraging its deeply rooted presence and leading position in China market, the Group firmly implements the globalization strategy to accelerate innovation. Currently, multiple innovative drugs are undergoing clinical trials simultaneously in China and Australia, with certain candidates having received clinical trial approval in the United States and planned to initiate clinical studies in 2026. A number of high-potential innovative assets have already demonstrated strong global competitiveness.

In February 2026, the Group announced that it had granted Sanofi an exclusive license to develop, manufacture and commercialize Rovadicitinib globally, and was entitled to a maximum payment of US\$1.53 billion, as well as up to double-digit royalties based on the annual net sales of Rovadicitinib. Going forward, out-licensing collaborations will become another significant revenue stream for the Group, injecting strong new momentum into its growth and paving the way for a second growth curve supported by international revenue. The Group will further expand its global collaboration network, partnering with top-tier pharmaceutical companies and industry players to advance more innovative products with proprietary IP into global markets. This will enable China's innovation to benefit more patients worldwide and support the Group's evolution from "China Innovation" to "Global Innovation."

### III. Strategic Collaboration: Integrating Global High-quality Resources to Comprehensively Strengthen R&D Capabilities

Strategic collaboration is a key path for the Group to integrate industrial resources, complement its R&D platforms, broaden its therapeutic layout, and enhance its core competitiveness. In recent years, the Group has completed a number of high-quality acquisitions and collaborations, continuously strengthen its R&D capabilities.

In July 2025, the Group fully acquired LaNova Medicines, obtaining world-leading antibody discovery and ADC technology platforms, further deepening its strength in the oncology field. Two of LaNova's core assets have been licensed to AstraZeneca and MSD respectively, with total transaction value approaching US\$4 billion, reflecting broad international recognition of its innovation capabilities. In January 2026, the Group fully acquired Hygieia and obtained the world's first clinically validated liver-targeted small molecule interfering ribonucleic acid (siRNA) delivery platform capable of ultra-long-acting administration with a "once-yearly" dosing regimen, along with dual-target, neurological, and other siRNA delivery platforms, positioning the Group strongly in the trillion-dollar chronic disease market. By effectively integrating high-quality industrial resources, these acquisitions have significantly enhanced the Group's R&D capabilities in cutting-edge areas such as immune-oncology and siRNA, introduced multiple leading technology platforms with differentiated advantages, and further enriched its innovative pipeline while strengthening its talent base, providing a solid foundation for the sustained generation of world-class innovation and the development of a long-term innovation ecosystem.

Committed to becoming a preferred partner in China for pharmaceutical innovation, the Group has always adhered to the concept of "win-win collaboration", and strives to build an open and diverse innovation ecosystem. By forging deep partnerships with top-tier pharmaceutical companies, biotech firms, and research institutions worldwide, the Group is accelerating the integration of global premium resources, advancing co-creation and sharing of innovation outcomes, and continuously reinforcing its market leadership.

### INDUSTRY OVERVIEW

As the policy support for pharmaceutical innovation continues to intensify, China's pharmaceutical industry is accelerating its momentum and transitioning to a new development phase defined by high-quality, first-in-class innovation. In 2025, China introduced and implemented a series of systematic and targeted policies, designed to foster an innovation ecosystem spanning the full chain of R&D, regulatory review, reimbursement, and clinical application.

On the regulatory approval front, in September 2025, the National Medical Products Administration of China (NMPA) issued the "Notice Concerning Issues Related to Optimising the Review and Approval of Clinical Trials for Innovative Drugs", which clearly stated that for qualified innovative drug clinical trial applications, the review and approval process will be completed within 30 working days. The policy strengthens support for national prioritised R&D programs, actively encourages simultaneous global early-stage development and international multi-center clinical trials, accelerates the translation of innovation into clinical practice through efficient approval mechanisms, and improves the institutional environment for the development of innovative drugs.

## Chairwoman's Statement

On the payment front, with the dynamic adjustment of the medical insurance catalog and the normalization of the negotiation-based access mechanism, the timeline for innovative drugs from market approval to medical insurance coverage inclusion has been significantly shortened. In December 2025, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security jointly released the first “Commercial Health Insurance Innovative Drug Catalogue” as an effective supplement to the basic medical insurance catalogue, which covers cutting-edge innovative drugs that go beyond the basic medical scope but have significant clinical value, high innovation and clear patient benefits. By building a tiered payment system, it not only improves the accessibility and pricing flexibility of innovative drugs, but also boosts the industry's innovation momentum from the institutional level, laying a solid foundation for the high-quality and sustainable development of the innovative drug industry.

Supported by continuous policy empowerment, the competitiveness of China's innovative drugs industry has enhanced and is profoundly reshaping the global landscape. With efficient R&D capabilities and significant cost advantages, Chinese pharmaceutical companies continue to deliver innovative outcomes that are on par with, or even ahead of, global peers, establishing themselves as key targets for strategic partnerships and asset acquisitions by multinational pharmaceutical companies. In 2025, the total amount of out-licensing transactions for innovative drugs in China exceeded US\$130 billion, with more than 150 transactions, a substantial increase from US\$51.9

billion and 94 transactions in 2024, both reaching record highs. From 2020 to 2025, the amount of licensing transactions in China continued to rise, and in 2025, China has successfully surpassed the United States to become the country with the highest out-licensing transaction volume for innovative drugs in the world. As the second-largest pharmaceutical market in the world, China is accelerating its transition from “a key participant” to “a critical leader” in pharmaceutical innovation with its huge market scale and explosive growth in out-licensing transactions.

In addition to product transactions, mergers and acquisitions (M&A) also serve as a critical strategic pathway for large pharmaceutical companies to achieve transformative growth. In 2025, there were 139 M&A transactions in the global biopharmaceutical sector, the total transaction value reached US\$199 billion, representing nearly 150% surge from US\$81 billion in 2024. Industry resources are rapidly concentrating toward leading companies with core competitiveness, and M&A has become a key driver of industrial upgrading and innovation breakthroughs. In July 2025, the Group announced the full acquisition of LaNova Medicines for a total consideration of US\$950 million. In January 2026, the Group announced the full acquisition of Hygieia for a total consideration of RMB1.20 billion. These strategic acquisitions will comprehensively enhance the Group's R&D capabilities and steadily advance its strategic goal of becoming a world-class innovative pharmaceutical company.

# Chairwoman's Statement

## RESULTS SUMMARY

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB31.83 billion, representing an increase of approximately 10.3% over the same period in last year; the sales revenue of innovative products was approximately RMB15.22 billion, representing an increase of approximately 26.2% over the same period in last year, and the proportion of total revenue rose to approximately 47.8%.

### Main Therapeutic Areas

#### Oncology

(Revenue amounted to approximately RMB13.18 billion, accounting for approximately 41.4% of the total revenue)

#### Liver/Cardiometabolic Diseases

(Revenue amounted to approximately RMB6.69 billion, accounting for approximately 21.0% of the total revenue)

#### Surgery/Analgesia

(Revenue amounted to approximately RMB5.03 billion, accounting for approximately 15.8% of the total revenue)

#### Respiratory/Autoimmune Diseases

(Revenue amounted to approximately RMB2.82 billion, accounting for approximately 8.9% of the total revenue)

### Key Products

Focus V<sup>®</sup> (Anlotinib Hydrochloride Capsules),  
Annike<sup>®</sup> (Penpulimab Injection),  
Yilishu<sup>®</sup> (Efbemalenograstim Alfa Injection),  
Andewei<sup>®</sup> (Benmelstobart Injection),  
Anboni<sup>®</sup> (Unecritinib Fumarate Capsules),  
Anluoqing<sup>®</sup> (Envonalkib Citrate Capsules),  
Anfangning<sup>®</sup> (Garsorasib Tablets),  
Saitanxin<sup>®</sup> (Culmerciclib Capsule),  
Hernexeos<sup>®</sup> (Zongertinib Tablets),  
Anxu<sup>®</sup> (Rovadicitinib Tablet),  
Anbeisi<sup>®</sup> (Bevacizumab Injection),  
Delituo<sup>®</sup> (Rituximab Injection),  
Saituo<sup>®</sup> (Trastuzumab for Injection),  
Paletan<sup>®</sup> (Pertuzumab Injection)

Tianqing Ganmei<sup>®</sup>  
(Magnesium Isoglycyrrhizinate Injection),  
Runzhong<sup>®</sup> (Entecavir Dispersible Tablets)

Zepolas<sup>®</sup>/Debaian<sup>®</sup> (Flurbiprofen Cataplasms),  
Putanning<sup>®</sup> (Meloxicam Injection (II)),  
Kailitong<sup>®</sup> (Limaprost Tablets),  
Deshuping<sup>®</sup> (Loxoprofen Sodium Cataplasms)

Tianqing Suchang<sup>®</sup> (Budesonide Suspension for Inhalation),  
Deruituo<sup>®</sup> (Tulobuterol Patches),  
Taibowei<sup>®</sup> (Adalimumab Solution for Injection)

# Chairwoman's Statement

## BUSINESS REVIEW

During the reporting period, the Group had a total of four innovative products approved for marketing by the NMPA, namely Saitanxin<sup>®</sup> (Culmenciclib Capsule), Hernexeos<sup>®</sup> (Zongertinib Tablet), Putanning<sup>®</sup> (Meloxicam Injection (II)) and Anqixin<sup>®</sup> (Recombinant Human Coagulation Factor VIIa N01 for Injection). Additionally, four new indications for three national category 1 innovative drugs were approved for marketing by the NMPA, namely: anlotinib in combination with benmelstobart for the first-line treatment of renal cell carcinoma; anlotinib in combination with penpulimab for the first-line treatment of hepatocellular carcinoma; anlotinib in combination with chemotherapy for the first-line treatment of soft tissue sarcoma; and penpulimab in combination with chemotherapy for the first-line treatment of nasopharyngeal carcinoma. In 2025, the Group's sales of innovative products reached RMB15.22 billion, representing a year-on-year increase of 26.2%.

## R&D

Innovative R&D have always been the core driving force of the Group. The Group places great emphasis on R&D, regarding it as the cornerstone of sustainable development, and continues to increase R&D investment, striving to continuously improve R&D capabilities and efficiency. At present, the Group has established multiple R&D centers in Shanghai, Nanjing, Beijing, Guangzhou and other cities, and has successfully built diversified innovative technology platforms covering small molecules, protein degraders, siRNA, monoclonal/bispecific antibodies, antibody-drug conjugates (ADC), inhalable formulations, transdermal patches and other fields. For the year ended 31 December 2025, total investment in the R&D amounted to approximately RMB6,317.42 million, representing approximately 19.8% of the Group's revenue. Of which approximately 92.9% was recognised in the statement of profit or loss.

The Group also attaches tremendous importance to the protection of intellectual property rights and actively files patent applications in order to enhance its core competitiveness. During the reporting period, the Group filed 1,167 new patent applications and received 273 patent grants. As at the end of the reporting period, the Group had accumulated 5,724 valid patent applications and obtained 2,120 valid patent grants.

## ONCOLOGY

- Focus V<sup>®</sup> (Anlotinib Hydrochloride Capsules) is a novel small molecule multi-target tyrosine kinase inhibitor. It has been approved for ten indications, including first-line small cell lung cancer, third-line non-small cell lung cancer, third-line small cell lung cancer, first-line renal cell carcinoma; first-line soft tissue sarcoma, second-line or later endometrial cancer, soft tissue sarcoma, medullary thyroid carcinoma, and differentiated thyroid cancer; the marketing application has been submitted to the CDE for the indication of first-line squamous non-small cell lung cancer and alveolar soft tissue sarcoma; a number of new indications, such as first-line non-squamous non-small cell lung cancer and first-line pancreatic cancer, currently are in Phase III clinical studies, with plans to gradually submit marketing applications within the next two years. At the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting, the Group announced the results of two Phase III clinical trials of anlotinib combined with benmelstobart (a head-to-head trial against pembrolizumab for first-line treatment of PD-L1 positive advanced non-small cell lung cancer, and another head-to-head trial against tislelizumab plus chemotherapy for first-line treatment of advanced squamous non-small cell lung cancer), both of which yielded positive results, confirming the superiority of anlotinib combination therapy.

## Chairwoman's Statement

- Andewei<sup>®</sup> (Benmelstobart Injection) is a humanized PD-L1 monoclonal antibody. It has been approved for four indications, including maintenance therapy after chemoradiotherapy for non-small cell lung cancer, first-line small cell lung cancer, second-line or later endometrial cancer, and first-line renal cell carcinoma. In addition, two new indications of benmelstobart in combination with Anlotinib, first-line squamous non-small cell lung cancer and soft tissue sarcoma, have been submitted for marketing applications to the CDE. The “immunotherapy + anti-angiogenesis” treatment mode of benmelstobart in combination with anlotinib has a synergistic effect in tumor treatment. The response to immunotherapy is closely related to the immune infiltration status of the tumor microenvironment, while anti-angiogenic agents can reshape abnormal blood vessels, regulate immune cell infiltration, and reverse the immunosuppressive microenvironment, thereby further enhancing the efficacy of immunotherapy. This combination regimen has demonstrated breakthrough therapeutic potential in various malignant tumors and is expected to bring better and more accessible treatment options to patients.
- Saitanxin<sup>®</sup> (Culmerciliclib Capsule) is a novel CDK2/4/6 inhibitor. It was approved for marketing by the NMPA in December 2025 for use in combination with fulvestrant for the treatment of patients with hormone receptor-positive, human epidermal growth factor receptor 2-negative (HR+/HER2-) locally advanced or metastatic breast cancer who have experienced disease progression following prior endocrine therapy. In July 2025, a marketing application for a new indication was submitted to the CDE for culmerciliclib in combination with fulvestrant for the first-line treatment of HR+/HER2- locally advanced or metastatic breast cancer. In addition, the Group is actively advancing the phase III clinical study of culmerciliclib for adjuvant treatment of HR+/HER2- breast cancer. The research results indicate that compared with abemaciclib, culmerciliclib further enhances the inhibition of CDK2 and CDK4, which may effectively overcome the resistance issues associated with existing CDK4/6 inhibitors. Relying on its excellent efficacy and safety profile and its coverage across first-line, second-line, and adjuvant therapy for breast cancer, the Group is confident that culmerciliclib will become another blockbuster product in the oncology field.
- Anxu<sup>®</sup> (Rovadicitinib Tablet) is the first JAK/ROCK dual inhibitor approved for marketing in the world. It was approved by the NMPA in February 2026 for the first-line treatment of adult patients with intermediate-2 or high-risk primary myelofibrosis (PMF), post-polycythemia vera myelofibrosis (PPV-MF), or post-essential thrombocythemia myelofibrosis (PET-MF). Rovadicitinib targets both JAK1/2 and ROCK1/2 simultaneously, exerting dual anti-inflammatory and anti-fibrotic effects. Currently, a Phase III clinical trial of rovadicitinib for the treatment of chronic graft-versus-host disease (cGVHD) has been initiated in China, and a Phase II clinical trial has been approved in the US. In February 2026, the Group announced the grant of an exclusive license to Sanofi for the global development, manufacturing, and commercialization of rovadicitinib, with the Group eligible to receive payments of up to US\$1.53 billion, as well as up to double digits royalties based on the annual net sales of rovadicitinib.

## Chairwoman's Statement

- From 2023 to 2025, the Group obtained marketing approval for seven national category 1 innovative oncology drugs, namely, Saitanxin<sup>®</sup> (Culmerclib Capsule), Hernexeos<sup>®</sup> (Zongertinib Table), Yilishu<sup>®</sup> (Efbemalenograstim Alfa Injection), Andewei<sup>®</sup> (Benmelstobart Injection), Anboni<sup>®</sup> (Unecritinib Fumarate Capsules), Anluoqing<sup>®</sup> (Envonalkib Citrate Capsules), and Anfangning<sup>®</sup> (Garsorasib Tablets). It also obtained marketing approval for 4 oncology biosimilars, including Anbeisi<sup>®</sup> (Bevacizumab Injection), Delituo<sup>®</sup> (Rituximab Injection), Saituo<sup>®</sup> (Trastuzumab for Injection), and Paletan<sup>®</sup> (Pertuzumab Injection). The sales volume of these products accelerated rapidly in 2025, and they have become important contributors to the Group's revenue growth.
- Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 39 national category 1 innovative oncology drug candidates in the clinical development stage or beyond. Of these, 1 was at the marketing application stage, 13 were in Phase III clinical trials, 9 were in Phase II clinical trials, and 16 were in Phase I clinical trials.
- LM-302 (CLDN18.2 ADC) is an ADC targeting CLDN18.2 with global FIC potential. Currently, it is undergoing two pivotal clinical trials in China: 1) As a monotherapy for the treatment of third-line or later CLDN18.2-positive locally advanced or metastatic gastric and gastroesophageal junction adenocarcinoma, which has completed the enrollment of all subjects, making it the first CLDN18.2 ADC globally to complete enrollment in a Phase III pivotal trial; 2) In combination with PD-1 monoclonal antibody for the treatment of first-line CLDN18.2-positive locally advanced or metastatic gastric and gastroesophageal junction adenocarcinoma. At present, multiple indications of LM-302 have been included in the Breakthrough Therapy Designation by the CDE. Additionally, LM-302 has received Investigational New Drug (IND) approval from the U.S. Food and Drug Administration (FDA) and has successfully been granted three Orphan Drug Designations (ODD), covering three major gastrointestinal tumors with high unmet clinical needs: gastric, pancreatic, and biliary tract cancers. This series of ODD designations not only highlights the differentiated potential of LM-302 in the treatment of rare or refractory tumors, but also provides important support for future regulatory pathways, market exclusivity periods, and R&D incentives in the United States. Clinical data suggests that LM-302 has demonstrated clear anti-tumor activity in patients with gastric, pancreatic, and biliary tract cancers, and is also effective in patients with low CLDN18.2 expression and low PD-L1 expression, demonstrating broader applicability and a favorable therapeutic window over existing therapies, achieving a better balance between efficacy and safety.
- LM-108 (CCR8 monoclonal antibody) is an antibody-dependent cellular cytotoxicity (ADCC)-enhanced CCR8 humanized monoclonal antibody with global FIC potential. It is currently undergoing two pivotal clinical trials in China, both in combination with a PD-1 monoclonal antibody: 1) for the second-line treatment of CCR8-positive locally advanced or metastatic gastric/gastroesophageal junction adenocarcinoma; 2) for the treatment of unresectable or metastatic MSI-H/dMMR advanced malignant solid tumors that have failed previous anti-PD-1/PD-L1 therapy. LM-108 has received two Breakthrough Therapy Designations from the CDE: in February 2025, it was granted Breakthrough Therapy Designation for MSI-H/dMMR advanced solid tumors with disease progression after immune checkpoint inhibitor therapy; In June 2025, it was again granted Breakthrough Therapy Designation for CCR8-positive advanced gastric/gastroesophageal junction adenocarcinoma that has failed first-

## Chairwoman's Statement

line standard therapy. Early exploratory clinical studies have shown that LM-108 demonstrates favorable safety and preliminary anti-tumor activity in the treatment of various solid tumors such as gastric cancer, pancreatic cancer, lung cancer, and breast cancer, especially in PD-1/PD-L1 resistant or refractory patients. With its ability to precisely target immunosuppressive cells in the tumor microenvironment, LM-108 has the potential to become a key pillar of next-generation cancer immunotherapy, providing more breakthrough treatment options for patients with advanced solid tumors.

- M701 (CD3/EpCAM bispecific antibody) is the first domestically developed CD3/EpCAM bispecific antibody to enter clinical trials in China. It is being developed for the treatment of malignant ascites and malignant pleural effusion caused by tumors, and is currently in Phase III and Phase II clinical trials, respectively, in China. M701 targets both the tumor cell target EpCAM and the immune T cell activation target CD3, and bridges tumor cells and immune T cells through dual-target binding, thereby inducing T cells to kill tumor cells. Malignant pleural effusion and ascites are common complications for cancer patients at the middle or advanced stages, but there is currently a lack of effective standard treatment options in clinical practice, and puncture drainage combined with local pleural or peritoneal infusion of drugs is still the primary treatment. Compared with the current primary clinical treatments, M701 has better safety and efficacy, and is expected to become the first standard of care for malignant pleural effusion and ascites in China.
- TQB2868 (PD-1/TGF- $\beta$  bifunctional fusion protein) is the most advanced PD-1/TGF- $\beta$  bifunctional fusion protein globally. It is currently undergoing Phase III clinical trials in China for use in combination with anlotinib and chemotherapy as a first-line treatment for metastatic pancreatic ductal adenocarcinoma. TQB2868 can block the PD-1/PD-L1 pathway and neutralize TGF- $\beta$  in the tumor microenvironment. It has the dual effects of immune checkpoint suppression and tumor microenvironment remodeling. At the 2025 ASCO Annual Meeting, the Group presented data from the Phase II clinical study of TQB2868 combined with anlotinib and chemotherapy as a first-line treatment for metastatic pancreatic ductal adenocarcinoma: the objective response rate (ORR) was 63.9%, and the disease control rate (DCR) reached 100%; median progression-free survival (PFS) had not yet been reached, with a 6-month PFS rate of 86%; median overall survival (OS) had not yet been reached and is anticipated to exceed one year.
- TQB2102 (HER2 bispecific ADC) is a bispecific ADC that simultaneously targets the HER2 ECD II/IV domains. It is currently undergoing Phase III clinical trials in China. Its intended indications for development include HER2-low breast cancer, HER2-positive breast cancer, and HER2 IHC3+ colorectal cancer, etc. In July 2025, TQB2102 was granted Breakthrough Therapy Designation by the CDE for neoadjuvant treatment in patients with early-stage or locally advanced HER2-positive breast cancer. In October 2025, TQB2102 was once again granted Breakthrough Therapy Designation by the CDE for HER2 IHC 3+ advanced colorectal cancer that has failed previous treatment with oxaliplatin, irinotecan, and fluorouracil. At the 2025 ASCO Annual Meeting, the Group announced the results of three early-stage studies of TQB2102. The results showed that TQB2102 demonstrated promising anti-tumor activity across multiple advanced solid tumors, with a favorable safety profile and an incidence of interstitial lung disease (ILD) significantly lower than that of similar drugs, achieving a well-balanced profile of efficacy and safety.
- TQB3019 (BTK OAPD) is an oral protein degrader targeting BTK developed based on the OAPD<sup>®</sup> (Orally Available Protein Degradation) technology platform of the Group. It is currently conducting phase I clinical trials in China for advanced malignancies. Compared with

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conventional BTK inhibitors, protein degraders demonstrate more prominent therapeutic potential in overcoming BTK resistance. At present, no protein degraders targeting BTK have been approved for marketing worldwide. TQB3019 exhibits broad activity against BTK wild-type, C481 mutant and many other resistant variants, while also demonstrating favorable oral bioavailability and brain tissue penetration. Phase I clinical studies have shown encouraging efficacy even in the initial dose cohort: 4 of the 5 enrolled patients with mantle cell lymphoma (MCL), follicular lymphoma (FL) and chronic lymphocytic leukemia (CLL) achieved partial response, while pharmacodynamic analysis showed near-complete BTK degradation.

### Liver/Cardiometabolic Diseases

- **Tianqing Ganmei<sup>®</sup>** (Magnesium Isoglycyrrhizinate Injection) is the fourth-generation of glycyrrhizic acid preparation that has been approved for three indications: chronic viral hepatitis, acute drug-induced liver injury, and improvement of liver dysfunction. Magnesium isoglycyrrhizinate is the world's first 99.9% purified alpha-glycyrrhizic acid. It has the advantages of strong liver targeting, excellent anti-inflammatory effects, and good safety. It has been recommended by the "Chinese Guideline for Diagnosis and Management of Drug-Induced Liver Injury (2023 Version)", the "Guideline for the Diagnosis and Treatment of Primary Liver Cancer (2024 Edition)", and other authoritative guidelines. It also has many studies presented at the annual meeting of the Asia Pacific Association for the Study of the Liver (APASL), the European Association for the Study of the Liver (EASL), and other internationally renowned academic conferences. The Group made efforts to strengthen the academic promotion,

expanding doctor coverage and gaining recognition from experts through academic conferences at all levels, while vigorously exploring new patients to expand into new markets, and actively promoting retrospective research to provide more academic evidence for its clinical use.

- Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 10 National category 1 innovative drug candidates in the fields of liver/cardiometabolic diseases in the clinical development stage or beyond. Of these, 1 was in Phase III clinical trial, 6 were in Phase II clinical trials, and 3 were in Phase I clinical trials.
- Lanifibranor (pan-PPAR agonist) is an orally available small molecule drug that is currently undergoing Phase III clinical trials worldwide for the treatment of metabolic dysfunction-associated steatohepatitis (MASH), and enrollment of the patients in the global main cohort has been completed. It is a potential FIC oral drug for MASH in China. In a randomized, double-blind, placebo-controlled Phase IIb study in patients with MASH stage F1 to F3, Lanifibranor demonstrated excellent efficacy and good safety. The study met the primary endpoint and key secondary endpoint, and the results have been published in the authoritative international journal "New England Journal of Medicine" (NEJM). Lanifibranor regulates anti-fibrosis and anti-inflammatory pathways *in vivo* by activating three subtypes, PPAR  $\alpha$ , PPAR  $\beta/\delta$  and PPAR  $\gamma$ . Compared with single/dual subtype agonists, Lanifibranor targets all three subtypes, and its moderate and balanced pan-PPAR binding properties make the drug well tolerated. In July 2023, Lanifibranor was granted Breakthrough Therapy Designation by the CDE.

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- CPX101 (GIPR antagonist/GLP-1R agonist) is a long-acting weight loss drug candidate with potential biweekly/monthly dosing and is currently in Phase II clinical trial in Australia. CPX101 offers three advantages: highly effective weight loss, precise fat reduction, and long-term anti-rebound. By synergistically blocking GIPR and activating GLP-1R pathways, it exerts multiple effects such as slowing down gastric emptying, suppressing appetite, and reducing fat accumulation, and is expected to achieve better weight loss effects than GLP-1R agonists alone, and preserve muscle mass while reducing body fat. With an antibody half-life of approximately 53 days, preliminary data suggest it can effectively prevent weight rebound for 3-5 months after treatment cessation, offering a promising option for long-term weight management.
- Kylo-11 (Lp(a) siRNA) is the first ultra-long-acting Lp(a) siRNA in the world designed for once-yearly dosing, and is currently undergoing Phase II clinical trials in China and the United States for the treatment of Hyperlipoproteinemia(a). Its Phase I interim clinical data was presented as an oral report at the 2025 American Heart Association (AHA) Annual Meeting. The data showed that in healthy subjects with elevated Lp(a), a single low-dose administration can achieve a maximum median Lp(a) reduction of more than 90%, while medium and high doses demonstrated potential to sustain significant efficacy for more than one year. Compared with similar investigational drugs at home and abroad, Kylo-11 shows BIC potential in terms of efficacy and durability, and has the advantages of low dosage and good safety. Currently, no drug specifically indicated for lowering Lp(a) has been approved for marketing worldwide, and there is a significant unmet clinical need in this area.
- Kylo-12 (APOC3 siRNA) is an APOC3 siRNA with global BIC potential, which is expected to be dosed semi-annually (or at longer intervals). It is currently in a Phase I clinical trial in China, with a plan to initiate Phase II clinical trial in 2026 for the treatment of hypertriglyceridemia (HTG) and familial chylomicronemia syndrome (FCS). For patients who do not respond adequately to conventional lipid-lowering treatments, APOC3 siRNA therapy aims to provide a highly effective and convenient new solution, with the potential to address current treatment gaps and fill unmet needs in the market.
- Kylo-0603 (THR- $\beta$  agonist) is the world's first THR- $\beta$  small molecule agonist that achieves specific liver targeting by conjugating GalNAc, and has completed a Phase I clinical trial in China for the treatment of MASH. Kylo-0603 has both GalNAc structure and thyroid hormone T3-like structure, enabling efficient liver targeted delivery, high affinity and selectivity for THR- $\beta$ , and can precisely deliver thyroxine-like compounds to the liver, reducing extrahepatic side effects. With the dual targeting advantages of liver and THR- $\beta$  receptors, Kylo-0603 is expected to achieve better efficacy and safety at lower doses, providing a new oral treatment option for metabolic diseases such as MASH and weight loss.

### Respiratory/Autoimmune Diseases

- Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 14 national category 1 innovative drug candidates in the field of respiratory/autoimmune diseases in the clinical development stage or beyond. Of these, 5 were in Phase III clinical trials, 5 were in Phase II clinical trials, and 4 were in Phase I clinical trials.

## Chairwoman's Statement

- TQC3721 (PDE3/4 inhibitor) is a dual PDE3/4 inhibitor currently undergoing Phase III clinical trials in China for the treatment of moderate to severe chronic obstructive pulmonary disease (COPD). PDE3 mainly acts on bronchial smooth muscle. PDE4 is mainly expressed in various inflammatory cells. TQC3721 can reduce off-target effects through dual-target inhibition and combines bronchiectasis and anti-inflammatory activities in one compound. At present, no drug with the same target has been approved for marketing in China. TQC3721 is the fastest-developing domestic PDE3/4 dual inhibitor in China and the second in the world. Compared with the currently marketed PDE3/4 product, the Phase III clinical study for TQC3721 will additionally include patients with dual bronchodilators as background treatment, thereby covering a wider population of COPD patients. In addition, the Group is developing a variety of dosage forms of TQC3721: a suspension for inhalation is in Phase III clinical trials, and an inhaled dry powder formulation is in Phase II clinical trials. The different dosage forms are expected to further enhance patient compliance.
- TQC2731 (TSLP monoclonal antibody) is a humanized monoclonal antibody targeting TSLP, currently undergoing Phase III clinical trials in China for indications including severe asthma and chronic rhinosinusitis with nasal polyps. It is the first domestically developed TSLP monoclonal antibody to enter Phase III clinical trials. Studies have shown that TSLP monoclonal antibody is not only effective in the treatment of eosinophilic asthma, but also shows significant efficacy in people with low eosinophilic phenotypes, so it can cover a wider range of patients with severe asthma. In addition to asthma, TSLP is closely associated with the pathogenesis of various autoimmune diseases, chronic inflammatory diseases, and allergic diseases. Currently, no TSLP monoclonal antibody has been approved for marketing in China. The Group will vigorously promote the clinical development of TQC2731 to address the unmet clinical needs.
- TDI01 (ROCK2 inhibitor) is the first domestically developed ROCK2 inhibitor in China and is currently conducting phase III clinical trials in China for idiopathic pulmonary fibrosis (IPF). TDI01 can effectively inhibit pro-inflammatory Th17 cells, promote regulatory T cells, and restore immune homeostasis. At the same time, it inhibits the ROCK2 signaling pathway with high selectivity, blocks the differentiation of fibroblasts into myofibroblasts, and induces apoptosis of existing myofibroblasts, achieving the dual effects of immune modulation and fibrosis reversal, and has good therapeutic potential in the fields of pulmonary fibrosis and liver fibrosis.
- TQH3906 (TYK2 inhibitor) is a TYK2 allosteric inhibitor. It is currently undergoing Phase II clinical trials in China, with indications including moderate to severe plaque psoriasis (PsO), inflammatory bowel disease (IBD), and psoriatic arthritis (PsA). TQH3906 targets the pseudokinase domain (JH2) of TYK2/JAK1, and significantly enhances selectivity for JAK2, JAK3, and other kinases and offering higher selectivity and a potentially better safety profile compared to conventional JAK inhibitors that target the kinase domain (JH1). Notably, the Phase II clinical trial of TQH3906 in PsO has been completed, with all dose groups demonstrating favorable safety and tolerability and meeting the primary endpoint. Detailed data will be presented at a future international academic conference.

## Chairwoman's Statement

- TCR1672 (P2X3R antagonist) is a second-generation, highly selective P2X3 receptor antagonist. It is currently undergoing Phase Ib/II clinical trials in China for the treatment of refractory chronic cough. In 2021, TCR1672 received IND approval from the U.S. FDA. Preclinical studies have shown that, compared with the first-generation P2X3 receptor antagonist, TCR1672 offers higher *in vivo* and *in vitro* efficacy and has better selectivity for P2X3 and P2X2/3, and is expected to have less taste-related side effects in clinical use. With no P2X3-targeting drugs yet approved in China, TCR1672 is anticipated to be among the first three domestically developed P2X3 receptor antagonists to receive marketing approval.
- Putanning® (Meloxicam Injection (II)) was approved by the NMPA in May 2025 for postoperative pain management in adults. It is China's first once-daily long-acting nonsteroidal anti-inflammatory drug (NSAID) injection. Two Phase III clinical studies demonstrated that Putanning maintains significant analgesic effects during the late stages of the drug effect (18-24 hours) and can effectively alleviate pain between doses, especially nighttime pain during postoperative hospitalization. Compared with other NSAIDs, Putanning achieves a greater reduction in morphine consumption, which has the potential to become a BIC analgesic NSAID. In addition, Putanning can be used safely in special populations, such as patients with mild renal impairment and the elderly, with excellent safety. Putanin is expected to become another blockbuster product for the Group in pain management area.

### SURGERY/ANALGESIA

- Zepolas®/Debaian® (Flurbiprofen Cataplasms) is the first domestically produced cataplasms approved for marketing in China, ranking first in the market share of topical analgesia for many years. It is recommended by many guidelines, including the "Expert Consensus on Diagnosis and Treatment of Chronic Musculoskeletal Pain" and "Chinese Guidelines for the Treatment of Chronic Pain Disorders with Non-Opioid Analgesics". The Group focuses on the development of high-potential regions, further expanding its market coverage and gradually increasing its production capacity to meet the booming market demand, driving the sustained rapid sales growth of Zepolas/Debaian. The second-generation flurbiprofen patch developed by the Group is expected to be approved for marketing within one year. With formulation enhancements, the second-generation product can significantly improve the transdermal absorption of the drug and enhance the adhesiveness of the plaster, thereby improving patient compliance.
- Regarding the R&D pipeline, as at the end of the reporting period, the Group had a total of 6 national category 1 or 2 innovative surgery/analgesia drug candidates in the clinical development stage or beyond. Of these, 2 were at the marketing application stage, 1 was in Phase III clinical trial, 2 were in Phase II clinical trials, and 1 was in Phase I clinical trial.
- PL-5 (Antimicrobial Peptide) submitted a marketing application to the CDE in December 2024. It is the first innovative antimicrobial peptide applied for marketing in China. PL-5 is used as a topical broad-spectrum anti-infective drug, intended to treat superficial secondary wound infection caused by staphylococcus aureus, staphylococcus epidermidis, pseudomonas aeruginosa, staphylococcus haemolyticus, acinetobacter baumannii, etc., including burn wound infection and physical injury wound infection. As the first non-antibiotic

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antimicrobial agent with a novel design, PL-5 offers a broad spectrum of activity, a low risk of resistance, and potent bactericidal effects. It is highly effective against localized open wound infections, especially those involving drug-resistant strains, and does not enter the bloodstream, providing a strong safety profile.

- TRD205 (AT2R antagonist) is a non-opioid, highly selective antagonist targeting AT2R with global FIC potential. It is currently in Phase II clinical trials in China and has obtained IND approval from the U.S. FDA, with intended indications including chronic postoperative neuropathic pain and acute postoperative pain. By precisely targeting AT2R to block pain sensitization signaling pathways, TRD205 shows breakthrough potential in peripheral neuropathic pain and postoperative pain. Preclinical and early clinical data show that TRD205 can significantly reduce pain scores and has excellent safety, offering a potential solution to the challenges of limited efficacy or high addiction risk associated with traditional analgesics.
- TRD208 (non-opioid multi-target multi-modal analgesic) is a First-in-Class, non-opioid, multi-target, multi-modal analgesic. It is currently in Phase I clinical trials in China for postoperative analgesia in adults. With its unique multi-target mechanism of action, TRD208 is capable of blocking multiple pain-related transmission pathways in the central nervous system, including NaV1.7, NaV1.8 and others, while also delivering peripheral anti-inflammatory and analgesic effects similar to NSAIDs and inhibiting central sensitization. This approach may help reduce the risk of neuropathic pain arising from acute pain. As demonstrated by the pre-clinical data, TRD208 demonstrates rapid onset, potent analgesic effects, and prolonged duration of action in the model of postoperative

pain. As a non-opioid drug with multitarget synergistic effects, TRD208 is expected to achieve multi-modal analgesic effects with a single agent, which may potentially replace current mainstream combination therapies. This will simplify treatment regimens, improve patient compliance, while avoiding the risk of opioid dependence.

### FINANCIAL REVIEW

During the year, the Group recorded revenue of approximately RMB31,834.49 million, an increase of approximately 10.3% over last year (2024: approximately RMB28,866.16 million). Profit attributable to owners of the parent from continuing operations as reported was approximately RMB2,343.35 million, an increase of approximately 22.0% over last year (2024: approximately RMB1,920.12 million). Basic earnings per share attributable to owners of the parent from the continuing operations as reported were approximately RMB13.02 cents, an increase of approximately 24.0% over last year (2024: approximately RMB10.50 cents). Excluding the profit attributable to owners of the parent from the discontinued operations, the share of profits and losses of associates and joint ventures (net of related tax and non-controlling interests), one-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests), fair value (gains)/losses of current equity investments (net of related tax and non-controlling interests), intangible assets amortization on acquired intangibles from merger and acquisition (net of related tax and non-controlling interests), share-based payments (net of related tax and non-controlling interests), effective interest expenses and exchange loss/(gain) of the convertible bond debt component, underlying profit attributable to owners of the parent was approximately RMB4,540.97 million, an increase of approximately 31.4% over last year. The significant year-on-year increase in underlying profit

## Chairwoman's Statement

attributable to owners of the parent was mainly driven by the notable growth in revenue and significant increase in dividend income during the year. The Group had cash and bank balances classified under current assets of approximately RMB12,180.73 million, bank deposit classified under non-current assets of approximately RMB10,248 million, and the wealth management products of approximately RMB10,561.51 million in aggregate, the Group's total fund reserve was approximately RMB32,990.24 million at the year end.

### APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all our staff for their dedication and diligence.

# Management Discussion and Analysis

## NON-HKFRS MEASURE

For the purpose of assessing the performance of the Group, the Company has also presented the underlying profit attributable to owners of the parent as an additional financial measure, which is not required by, or presented in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”). The Group believes that this non-HKFRS financial measure better reflects the underlying operational performance of the Group by eliminating certain non-operating (i.e. non-recurring gains and losses that are not related to continuing operations, such as discontinued operations, significant asset impairment, equity settled share-based payments, etc.) and non-recurring (i.e. gains and losses from non-core businesses (businesses other than the Group’s independently developed and commercialized innovative and generic drugs), including investments in associates and joint ventures, and fluctuations in the fair value of financial assets (financial investments), etc.) items which the Group does not consider indicative of the Group’s fundamental operating performance. However, the presentation of this non-HKFRS financial measure is not intended to be a substitute for, or superior to, the financial information prepared and presented in accordance with HKFRS. Underlying profit attributable to owners of the parent for the year significantly increased by approximately 31.4% over the same period last year.

Effective 1 January 2025 we refined the definition of underlying profit attributable to owners of the parent as follows, and have updated prior period comparative figures to reflect the change, which is excluding intangible asset amortization on acquired intangibles from merger and acquisition. Additional detail on this adjustment is provided below.

Underlying profit attributable to owners of the parent is presented excluding the impact of the following item from profit attributable to owners of the parent from continuing operations as reported:

Intangible asset amortization – the amortization expense associated with finite life intangible assets arising from acquisitions or business combinations.

Additional information is provided below to reconcile the profit attributable to owners of the parent as reported and the underlying profit attributable to owners of the parent:

# Management Discussion and Analysis

	For the year ended 31 December		Change %
	2025 RMB'000	2024 RMB'000	
<b>Profit attributable to owners of the parent from continuing operations (As reported)</b>	<b>2,343,348</b>	1,920,117	+22.0%
Share of losses of associates and joint ventures (net of related tax and non-controlling interests)	118,558	108,281	
One-off adjustments for the impairment and fair value changes of certain assets and liabilities*	2,056,068	1,390,431	
Fair value (gains)/losses of current equity investments, net (net of related tax and non-controlling interests)	(59,790)	2,217	
Intangible assets amortization on acquired intangibles from merger and acquisition (net of related tax and non-controlling interests)	2,450	150	
Share-based payments (net of related tax and non-controlling interests)	80,227	36,705	
Convertible bond debt component of:			
– Interest expenses	45	357	
– Exchange loss/(gain)	64	(1,145)	
<b>Underlying profit attributable to owners of the parent</b>	<b>4,540,970</b>	3,457,113	+31.4%
* Mainly due to the fair value losses of financial assets (non-current) at fair value through profit or loss. Such fair value losses in current year was mainly due to decline in fair value of past financial investments that are not related to the Group's core business.			
<b>Basic earnings per share</b>			
Underlying profit attributable to owners of the parent used in the basic earnings per share calculation	4,540,970	3,457,113	+31.4%
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (Shares)	18,002,496,191	18,293,510,734	
Basic earnings per share calculation, based on underlying profit attributable to owners of the parent (RMB cents)	25.22	18.90	+33.4%

## Management Discussion and Analysis

The Company provides the reconciliation of the following Non-HKFRS financial metrics adjusting items to further illustrate the relationship between these adjusting items and the HKFRS financial data. These additional figures provide our shareholders and investors with useful supplementary information about our ongoing operating performance of the Group's core business and facilitates the analysis and comparison of financial measures between periods.

The use of these non-HKFRS measures may have certain limitations as a tool for analysis and comparison. Shareholders and investors are advised not to consider these non-HKFRS measures in isolation from, or as a substitute for analysis of, the Group's financial performance as reported under HKFRS. Also, please note that these non-HKFRS measures may be defined differently from similar terms used by other companies.

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>1. Share of profits and losses of associates and joint ventures (net of related tax and non-controlling interests)</b>		
Share of losses of associates and joint ventures	151,376	118,299
Related tax	(18,061)	(3,206)
Non-controlling interests	(14,757)	(6,812)
<b>Adjusting amount</b>	<b>118,558</b>	<b>108,281</b>
<b>2. Equity settled share-based payments (net of related tax and non-controlling interests)</b>		
Equity settled share-based payments	115,966	53,721
Related tax	436	(3,362)
Non-controlling interests	(36,175)	(13,654)
<b>Adjusting amount</b>	<b>80,227</b>	<b>36,705</b>

# Management Discussion and Analysis

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>3. One-off adjustments for the impairment and fair value changes of certain assets and liabilities (net of related tax and non-controlling interests)</b>		
Fair value changes of financial assets at fair value through profit or loss (non-current), net	1,670,964	588,898
Fair value profit or loss of contingent consideration, net	(20,423)	68,091
Impairment loss on investment in an associate	-	326,979
Impairment loss on goodwill	-	18,619
Impairment loss on other receivables	336,759	78,751
Impairment loss on intangible assets	71,916	286,811
Loss on deemed partial disposal of an associate	-	578,826
Gain on disposal of subsidiaries	(729)	(75,314)
Related tax	(2,419)	(541,762)
Non-controlling interests	-	60,532
<b>Adjusting amount</b>	<b>2,056,068</b>	<b>1,390,431</b>
<b>4. Fair value (gains)/losses of current equity investments, net (net of related tax and non-controlling interests)</b>		
Fair value changes of equity investments designated at fair value through profit or loss	(64,633)	9,202
Related tax	1,483	(2,138)
Non-controlling interests	3,360	(4,847)
<b>Adjusting amount</b>	<b>(59,790)</b>	<b>2,217</b>
<i>Financial assets at fair value through profit or loss represent financial investments in listed companies, with valuation changes reflecting market factors rather than the sales and R&amp;D of the Group's pharmaceutical products.</i>		
<b>5. Intangible assets amortization on acquired intangibles from merger and acquisition (net of related tax and non-controlling interests)</b>		
Intangible assets amortization on acquired intangibles from merger and acquisition	7,106	592
Related tax	(1,066)	(90)
Non-controlling interests	(3,590)	(352)
<b>Adjusting amount</b>	<b>2,450</b>	<b>150</b>

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENT

As at 31 December 2025, the Group's major investment is the 15.03% equity interests in Sinovac Life Sciences Co., Ltd. ("SINOVAC LS"), a company which is engaged in the R&D, production and sales of human vaccines. The 15.03% equity interest in SINOVAC LS held by the Group was accounted for as "non-current equity investment designated at fair value through other comprehensive income" in the financial statements of the Group as at 31 December 2025. The investment cost was approximately US\$515 million (equivalent to approximately RMB3,387.77 million). The fair value of the investment in SINOVAC LS was approximately RMB7,529 million as at 31 December 2025 (31 December 2024: RMB9,579 million), which accounted for approximately 9.9% of total assets of the Group (31 December 2024:14.6%). As at 31 December 2025, dividend of approximately RMB1,352.70 million (net of tax) was received from SINOVAC LS and was recognised in the statement of profit or loss (2024: RMB1,352.7million (net of tax) was received, of which RMB676.35 million was recognized in the statement of profit or loss). SINOVAC LS is dedicated to developing innovative vaccines and related biopharmaceutical products and continues to strengthen its R&D and commercialization capabilities in biological medicine technology. The Group will continue to monitor SINOVAC LS for its future development and shareholder return plan.

## EQUITY INVESTMENTS/FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS AND EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2025, the Group had: 1) non-current equity investments designated at fair value through other comprehensive income (including certain listed and unlisted equity investments such as SINOVAC LS) of approximately RMB9,470.88 million (31 December 2024: approximately RMB10,911.53 million); and 2) current equity investments designated

at fair value through profit or loss (including certain listed equity investments) of approximately RMB219.23 million (31 December 2024: approximately RMB76.86 million).

In addition, as at 31 December 2025, the Group had the non-current financial assets at fair value through profit or loss of approximately RMB2,109.09 million (31 December 2024: RMB4,439.11 million) and the current financial assets at fair value through profit or loss, including certain wealth management products of approximately RMB10,146.68 million (31 December 2024: approximately RMB4,950.83 million), which included the wealth management products of Huaxia Bank (approximately RMB1,451.61 million), CSC Financial (approximately RMB1,233.75 million), Huatai Securities (approximately RMB1,123.69 million), China Galaxy Securities (approximately RMB754.69 million), Guotai Haitong Securities (approximately RMB581.55 million), Bank of Jiangsu (approximately RMB502 million), China Construction Bank (approximately RMB462.96 million), ChinaAMC (approximately RMB452.87 million), Shenwan Hongyuan (approximately RMB452.16 million), Citic Securities (approximately RMB376.94 million) and other banks. The wealth management products mainly consisted of principal-guaranteed products with floating return and relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board of the Company believes that the investment in wealth management products can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group. As at 31 December 2025, the above mentioned wealth management products (approximately RMB10,146.68 million) together with the wealth management products classified in other receivables of approximately RMB414.83 million (31 December 2024: approximately RMB220.64 million) including the wealth management products of Citic Securities (approximately RMB384.61 million), amounted to approximately RMB10,561.51 million in total, representing approximately 13.9% of the total assets of the Group.

# Management Discussion and Analysis

Each of the transactions of acquisition or disposal of wealth management products as abovementioned was entered into with third party who was not a connected person (as defined in the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”)) of the Company, and did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as all the applicable percentage ratios were less than 5%, calculated either on a standalone basis or by aggregation of the transactions with the same counterparty pursuant to the Rule 14.22 of the Listing Rules.

For the year ended 31 December 2025, the Group recorded a gain (net) of the current equity investments designated at fair value through profit or loss of approximately RMB64.63 million.

The Board considers that the investment in equity investments and financial assets can diversify the investment portfolio of the Group and achieve a better return to the Group in the future.

## INVESTOR RELATIONS

The Group is committed to maintaining high standards of corporate governance to ensure its long-term sustainable development. It also attaches great importance to communication with shareholders and investors. During the reporting period, the Group actively maintained close and sound contact with a wide range of investors worldwide through different channels to ensure adequate two-way communication. In addition to ensuring that investors had a thorough understanding of its latest business developments and strategies, the Group was also able to gather valuable views from the investment community through its interaction with investors to help raise corporate governance practices.

The Group has continued to publish its annual reports, interim reports, disclosures and circulars in a timely manner both on its corporate website and on the website of the Hong Kong Exchanges and Clearing Limited and also voluntarily issues announcements to inform shareholders and the market of its latest business endeavors, including

product approvals, clinical progress, etc. The Group strives to maintain a high level of corporate transparency and enhance market attention.

The Group has also proactively disclosed the latest information on its business development to investors. On 20 March 2025, the Group held its 2024 Annual Results Announcement Conference in Shanghai, introducing its full year results and latest business updates. On 17 July 2025, the Group held the Full Acquisition of LaNova Medicines Briefing in Hong Kong, providing an in-depth explanation of the rationale and benefits of the acquisition, as well as a detailed introduction to LaNova Medicines’ R&D platform and innovative pipeline. On 18 August 2025, the Group held its 2025 Interim Results Announcement Conference in Hong Kong to update investors on its interim results and latest business updates. On 13 January 2026, the Group held the Full Acquisition of Hygieia Briefing online, elaborating the rationale and benefits of the acquisition, together with a detailed introduction to Hygieia’s intrahepatic and extrahepatic delivery platforms and chronic disease pipeline. The four events were attended by over one thousand analysts, fund managers and other investors with positive feedback. In addition, the Group also issued results press releases in a timely manner to keep retail investors informed of its latest business status and prospects through media channels. In addition to results press releases, the Group also released information through the media on topics such as the Company’s share repurchases and share purchases under its restricted share award scheme, with a view to maintaining a high level of information transparency and strengthening confidence among shareholders and the market.

In addition, during the year, the Group participated in many global investment summits and roadshows hosted by major investment banks and securities companies, including Morgan Stanley, Goldman Sachs, Citi, UBS, Bank of America, J.P. Morgan, HSBC, CICC, CITIC, CSC Financial, HTSC, enabling investors to gain insights into its business development and competitive advantages. During the reporting period, the Group participated in more than 800 investor communication meetings in various forms such as one-on-one meetings, group meetings and online calls.

# Management Discussion and Analysis

The Group will continue to refine its corporate governance structure and deepen two-way communication with the investment community. Through proactive, comprehensive and efficient investor relations management, the Group will accurately and timely communicate its core competitiveness and long-term value to all sectors of the market.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the year, the Group's primary sources of funds were cash derived from operating activities, issuance of panda bonds, and bank borrowings. As at 31 December 2025, the Group's cash and bank balances classified under current assets were approximately RMB12,180.73 million (31 December 2024: approximately RMB9,569.58 million). Bank deposit classified under non-current assets were approximately RMB10,248 million (31 December 2024: approximately RMB9,365.81 million).

## CAPITAL STRUCTURE

As at 31 December 2025, the Group had short term loans of approximately RMB8,395.44 million (31 December 2024: approximately RMB7,585.83 million) and had long term loans of approximately RMB7,583.98 million (31 December 2024: approximately RMB1,996.75 million). Besides, debt component of the convertible bonds amounted to nil as at 31 December 2025 (31 December 2024: approximately RMB16.24 million). In addition, total lease liabilities (classified under current and noncurrent liabilities) amounted to approximately RMB90.60 million as at 31 December 2025 (31 December 2024: RMB111.73 million). As at 31 December 2025, the Group's total available credit facilities amounted to approximately RMB63.1 billion (31 December 2024: approximately RMB39.4 billion) of which RMB47.1 billion were unused (31 December 2024: RMB30.0 billion).

## CHARGE ON ASSETS

As at 31 December 2025, the Group had charge on assets of approximately RMB440.52 million (31 December 2024: approximately RMB459.39 million).

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group and the Company had no material contingent liabilities (31 December 2024: Nil).

## GEARING RATIO

As at 31 December 2025, the total assets of the Group amounted to approximately RMB76,009.82 million (31 December 2024: approximately RMB65,408.07 million) whereas the total liabilities amounted to approximately RMB33,923.89 million (31 December 2024: approximately RMB22,634 million). The gearing ratio (total liabilities over total assets) was approximately 44.6% (31 December 2024: approximately 34.6%). The Group was in a net cash position (including wealth management products) of approximately RMB16,920.23 million (31 December 2024: approximately RMB14,396.31 million), being the aggregate of cash and bank balances classified under current assets, bank deposit classified under non-current assets and wealth management products less the aggregate of short term loans, long terms loans and total lease liabilities.

## EMPLOYEE AND REMUNERATION POLICIES

The Group had 21,435 employees as at 31 December 2025 and remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as employee share incentive schemes. Total staff cost (including Directors' remuneration and equity settled sharebased payments) in selling and distribution costs and administrative expenses during the year was approximately RMB4,666.76 million (2024: approximately RMB4,670.56 million).

# Management Discussion and Analysis

The Company adopted a share option scheme on 15 June 2023 (the “2023 Share Option Scheme”) and a share award scheme on 5 January 2018 (the “2018 Share Award Scheme”). The Company resolved and approved the implementation of a share incentive scheme by CT Tianqing, a subsidiary, on 7 May 2024 (“2024 CT Tianqing Share Incentive Scheme”). The schemes will provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. For the year ended 31 December 2025, no option in respect of the shares of the Company (“Shares”) had been granted under the 2023 Share Option Scheme, nor any incentive share granted under the 2024 CT Tianqing Share Incentive Scheme, while 6,431,550 restricted shares were granted under the 2018 Share Award Scheme; and as at the year end, 529,934,893 Shares were held on trust by a trustee under the 2018 Share Award Scheme and 338,690,000 shares were held on trust by a trustee under the 2024 CT Tianqing Share Incentive Scheme.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars, Euro, Japanese Yen and HK dollars. The Group has hedged part of the RMB risk in net investments in foreign operations by borrowing RMB loan and will continue to closely monitor the net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The Company is committed to promoting the harmonious development of the Group, society and the environment through high-standard ESG governance. The Group continues to increase its R&D investment, establish international R&D platforms, and execute a series of investments and acquisitions, aiming to drive sustainable business upgrades, address unmet clinical needs, and faithfully implement its philosophy of “Science for a Healthier World”, thereby pursuing health and well-being for more patients and creating long-term value for itself and its partners.

In 2025, the Company’s ESG development entered its “second three-year cycle”. Based on the substantive needs of strategic development and the concerns of various stakeholders, the Group formulated the “Sino Biopharmaceutical Limited 2025-2027 Three-Year ESG Development Plan” in a scientific and systematic manner. It also took the lead in the industry by publishing the “Sino Biopharmaceutical Limited Carbon Neutral Goal and Pathways Plan”. Combined with ongoing talent development and responsible supply chain construction programs, a scientific planning system has formed featuring “mutual promotion between long-term and short-term plans, and synergy between comprehensive and special plans” which provides systematic guidance for the implementation of ESG practices. To date, under the effective leadership and supervision of the Group’s Board, the ESG plan for the year has been implemented with high quality, with all key tasks successfully completed and remarkable results achieved.

In terms of corporate governance, on the basis of the effective operation of the ESG governance system, the Group has continuously promoted the in-depth application of artificial intelligence across all operational aspects, significantly expanding the application scenarios of AI large models. As one of the first pharmaceutical companies in China to officially adopt DeepSeek-R1, AI has not only become a core enabler of the Group’s business upgrade, but also provided strong support for the Board’s scientific decision-making and solid assurance for the full implementation of ESG initiatives.

In the field of environmental friendliness, in accordance with, the Carbon Neutral Goal and Pathways Plan, the Group scientifically formulated the “Sino Biopharmaceutical Limited Phase I Implementation Plan for Carbon Neutrality” and systematically advanced multiple special initiatives. In 2025, it achieved, simultaneous reductions in both carbon emission intensity and total volume for the first time, making solid progress towards the milestone of carbon peaking. During the year, the Group’s continuous effort in green development has been widely recognized externally, with its subsidiary, CT Qingjiang, was honored the “National Green Factory” title. To date, three subsidiaries of the Group have been recognized as “National Green Factories”.

## Management Discussion and Analysis

With regard to quality and safety, the Group's full-cycle quality and safety management system operates effectively, with no major quality, safety or product recall incidents reported during the year.

In terms of talent development, the Group promotes the building of a diverse and inclusive workforce, and continues to launch talent development initiatives such as leadership enhancement programs, employee further education support, and university-enterprise joint training programs. These efforts strengthen talent attraction and retention, enrich talent pool, and foster the development of a talent pipeline. During the year, the Group was honored with the "Bloomberg ESG Inclusive Workplace", the "2025-2026 Excellence in Practice Award" and the "Best Employer Award".

As for responsible supply chain development, the Group continuously promotes the signing of the "Supplier Code of Conduct" and the pilot implementation of the "Supply Chain ESG Self-Assessment System". ESG requirements are integrated into key processes including supplier qualification, bidding and procurement, performance evaluation, and tiered management to achieve standardization, normalization, and regularization of supply chain ESG management. This year, green procurement initiatives were carried out focusing on low-carbon raw material selection and degradable packaging materials. In particular, the Group collaborated with paper packaging suppliers on joint technological collaboration to deliver a greener and more economical packaging solution.

In terms of giving back to society, the Group has continued to invest in areas such as disaster relief, inclusive healthcare, educational donation and public welfare charity. The Group donated HK\$10 million in cash and medicines to support the emergency resettlement and transitional basic living needs of those affected by the fire in the Tai Po District, New Territories, Hong Kong. The total annual community investment amounted to RMB67.78 million.

During the year, the Group's ESG performance once again received high recognition from international authoritative index institutions. Its MSCI ESG rating was upgraded from "A" to "AA", placing its ESG practices among the global excellence leadership. The Group's overall ESG competitiveness also maintained a leading position in international capital markets: it was selected for the S&P Global's Sustainability Yearbook 2025 (Global Edition) for the second consecutive year; it received a "B" rating from the CDP for climate change for the third consecutive year; and it was included in the FTSE4Good Social Responsibility Index Series for the second consecutive year. As for professional recognition, the Group was included in CCTV's "Top 100 ESG Pioneers among China Listed Companies List" for the third consecutive year. It also received other prestigious accolades, such as inclusion in CCTV's "China's Top 30 ESG Listed Companies for Technological Innovation" and Forbes China's "2024-2025 Sustainable Industrial Enterprises".

Looking ahead, the Group will continue to focus on innovation and patient care, actively fulfill its social responsibilities, promote sustainable development, and steadily advance towards its goal of becoming a globally leading pharmaceutical enterprise.

# Corporate Governance Report

Sino Biopharmaceutical Limited is pleased to present the Corporate Governance Report. The Company is committed to achieving high standards of governance that properly protects and promotes the interests of all shareholders and enhances corporate value and accountability.

For the year ended 31 December 2025, the Company has applied the principles of and complied with all the Code Provisions of 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**”), except for the deviation from Code Provision C.1.5 in relation to attendance of the annual general meeting of the Company (the “**AGM**”) by the Independent Non-executive Directors (“**INED(s)**”) of the Company. One INED was unable to attend the AGM held on 10 June 2025 due to their other business engagements.

This report describes our corporate governance code and explains the application of the CG Code and any deviation from the CG Code, if any. For information relating to the Company’s environmental and social performance, please refer to the Company’s 2025 Environmental, Social and Governance Report separately posted on the websites of the Company and The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

## A. BOARD OF DIRECTORS

### THE BOARD

The board of directors (the “**Board**”) is accountable to the shareholders for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. The Board focuses on overall corporate strategies and policies with particular attention paid to the financial performance and sustainable development of the Group.

Adhering to its principle of “Benefiting the country, Benefiting the people, and Benefiting the enterprise”, the Company has always focused on innovation and provision of services to patients, committed to becoming a global leader in pharmaceuticals. These principle and vision are the basic principles and directions for governing the daily work of employees at all levels of the Company, running through every part of the Company’s business. Always acting with integrity and leading by example, the Board keeps promoting the construction and improvement of a core values, cultural ethos, and actions-oriented and multi-dimensional cultural system, to foster a corporate atmosphere of integrity, foresight, innovation, commitment, efficiency, and collaboration. This cultural system is to enhance the innovativeness and sense of belonging and responsibility of employees, facilitating the achievement of the Company’s strategic development objectives.

The Company has a rigorous and ongoing strategic planning process to identify and assess the risks and opportunities that it might face and to develop a planned course of action to generate sustainable long-term value for its shareholders. Details of the implementation of the Company’s strategic initiatives and priorities in 2025 are available in the “Chairwoman’s Statement” and “Management Discussion and Analysis” sections of this annual report.

# Corporate Governance Report

The Board has determined that certain matters such as strategic planning, significant transactions and annual budget should be retained for the Board's approval. It has formalised the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board has delegated its responsibilities to senior management to deal with day-to-day operations and reviewed those arrangements on a periodic basis. Management then reports back to the Board and obtains prior approval before making decisions for key matters or entering into material commitments on behalf of the Company. The Board has conducted regular review on the contribution required from a director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them.

To maximise the efficiency of the Board and to encourage active participation and contribution by Board members, the Board has established the Executive Board Committee (the "EBC"), the Audit Committee (the "AC"), the Remuneration Committee (the "RC"), the Nomination Committee (the "NC"), and the Environmental, Social and Governance Committee (the "ESGC") with specific terms of reference, which are on terms no less exacting than those set out in the CG Code, to assist in the execution of their duties. The written terms of reference of the committees are reviewed and amended, if necessary, from time to time on the committees' structure, duties and memberships, and those of each of the AC, the RC and the NC have been posted on the websites of the Company and the Stock Exchange.

The Company Secretary shall, where appropriate and necessary, attend all meetings of the Board/committees to advise on corporate governance and statutory compliance matters. All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Securities and Futures Ordinance, Companies Ordinance and other applicable laws, rules and regulations.

All directors are given opportunities to include matters to be discussed in the agenda of the Board/committees meetings. The Company Secretary is delegated with the responsibility to prepare the agenda and, where appropriate, take into account any matters proposed by each director/committee member for inclusion in the agenda.

The Board meets regularly and at least four board meetings are scheduled annually at approximately quarterly intervals. Ad-hoc meetings are also convened when they are considered necessary. Directors are encouraged to participate actively either in person or through electronic means of communications. Notices of regular Board/committees meetings were given at least 14 days before the date of meeting. For all other Board/committees meetings, reasonable notices were given.

Other than exceptional circumstances, an agenda accompanied by any related materials are circulated to all directors in a timely manner and at least 3 days before the date of the scheduled meeting. Where queries are raised by directors, response should be given as promptly and fully as possible within a reasonable time.

Minutes of the Board/committees meetings are recorded in details for the matters considered by the participants of such meetings and the decisions reached, including concerns raised by directors or dissenting views expressed. Draft and final versions of minutes are circulated to relevant directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. They are kept by the Company Secretary or Secretary of the committees and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

# Corporate Governance Report

Directors are provided with complete and adequate explanation and information on a timely basis to enable them to make an informed decision or assessment of the Group's performance, position and prospects and to discharge their duties and responsibilities. The directors, in order to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company. Sufficient time are allowed for discussion of key issues in Board meetings and directors with different views are encouraged to voice their concerns to ensure that the necessary checks and balances consistent with sound corporate governance practices are in place.

If a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a physical Board meeting and the interested director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. INEDs who have no interests in the transaction shall be present at that Board meeting.

## BOARD COMPOSITION

As at 31 December 2025, the Board consisted of a total of six executive directors, including the Chairwoman and the Chief Executive Officer ("CEO"), and five INEDs.

Position	Name
Chairwoman	: Ms. Tse, Theresa Y Y
Executive directors	: Mr. Tse Ping
	: Ms. Cheng Cheung Ling
	: Mr. Tse, Eric S Y (CEO)
	: Mr. Tse Hsin
	: Mr. Tian Zhoushan
INEDs	: Mr. Lu Zhengfei
	: Mr. Li Dakui
	: Ms. Lu Hong
	: Mr. Zhang Lu Fu
	: Dr. Li Kwok Tung Donald

The attributes, skills and expertise among the Board members have a balanced mix of core competencies in areas such as pharmaceutical, accounting and finance, business and management and marketing strategies.

INEDs constituting more than one-third of the total number of the Board members have contributed valuable independent views and judgement for the Board's deliberation and decisions. Such independent views and judgement carry weight in the Board's decision-making process. The presence and participation of the INEDs enables the Board to maintain high standard of compliance in financial and other statutory reporting, and provide adequate checks and balances to safeguard the interests of the Company and its shareholders as a whole. The INEDs are highly skilled professionals with a broad range of expertise and experience in the fields of accounting and finance, business, and medicine, and they meet the requirements of independence under the Listing Rules. The Board has received from each of them a confirmation of independence as required by the Listing Rules. For the year ended 31 December 2025, the Board is of the view that adequate independent views and input were available to the Board, based on the results of an annual review conducted by the Board.

# Corporate Governance Report

The INEDs have the same duties of care and skill and fiduciary duties as the executive directors. The functions of INEDs include, but not limited to:

- participating in Board meetings to bring an independent judgement to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving and actively participating in committees, if invited;
- attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives and monitoring the reporting of results.

## **CORPORATE GOVERNANCE FUNCTIONS**

The Board shall be responsible for the following functions:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring training and continuous professional development of directors and senior management;
- reviewing and monitoring the Company's policies and practices in compliance with legal and regulatory requirements;
- reviewing the Company's compliance with the CG Code, including disclosure in the Corporate Governance Report;
- developing and reviewing the code of conduct and compliance manual, if any, applicable to employees and directors;
- doing any such things to enable the Board committees to discharge their duties and functions;
- conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation; and
- considering and making recommendations on any other corporate governance issues.

# Corporate Governance Report

## **CHAIRWOMAN AND CHIEF EXECUTIVE**

The CG Code Provision C.2.1 stipulates that the roles of Chairwoman and chief executive should be separate and should not be performed by the same individual. Ms. Tse, Theresa Y Y is the Chairwoman and Mr. Tse, Eric S Y is the CEO of the Company.

The Chairwoman is responsible for overseeing the operations of the Board and formulating overall strategies and policies of the Company, and focuses on international business development and capital market operations of the Company. The Chairwoman also seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

The CEO is responsible for managing the Group's business and operations, and focuses on operations improvement, organizational optimization and efficiency enhancement of all subsidiaries of the Group.

The relationship of each of Ms. Tse, Theresa Y Y and Mr. Tse, Eric S Y with other members of the Board is provided in the Directors and Senior Management Profile section on pages 56 to 61 of this annual report.

## **APPOINTMENT, RE-ELECTION AND REMOVAL**

The Company has formal and proper procedure for consideration of the appointment of new directors to the Board and the resignation of any director.

The Executive Directors have not been appointed for a specific term while each of the INEDs has been appointed for a term of two years. All Directors shall be subject to retirement by rotation and re-election at the AGM in accordance with the articles of association of the Company (the “**Articles**”), the laws of the Cayman Islands and the Listing Rules so far as the same may be applicable. The Articles provide that (i) one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to but not less than one-third shall be subject to retirement by rotation provided that every director shall be subject to retirement by rotation at least once every three years; and (ii) the directors to retire by rotation shall include any director who wishes to retire and not to offer himself/herself for re-election. The retiring directors shall be those who have been longest in office since their last re-election or appointment.

The name and biographical details of the directors who will offer themselves for re-election at the forthcoming AGM are set out in a circular accompanying the notice of meeting, which will be despatched together with the annual report, to assist shareholders in making an informed decision on their elections. Where INEDs who have served more than nine years are retained, sufficient details regarding the INEDs' suitability for re-appointment are disclosed in the circular.

# Corporate Governance Report

## TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

### Directors

Newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, in order to make sure that he/she has appropriate understanding of the business and operations of the Company and is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, all directors, being six Executive Directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, and Mr. Tian Zhoushan, and five INEDs, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong, Mr. Zhang Lu Fu and Dr. Li Kwok Tung Donald, participated in continuous professional development by reading relevant materials on the topics related to regulatory updates and corporate governance and obtained monthly updates on the financial performance and financial position of the Company.

### Company Secretary

The Company Secretary is responsible for facilitating the Board process, as well as communications among the Board members, shareholders and management. During the year under review, Mr. Chan Oi Nin Derek has served as the Company Secretary. He is a full-time employee of the Company and possesses the professional qualifications as required under Rule 3.28 of the Listing Rules. He has taken not less than 15 hours of relevant professional training during the year under review to update his knowledge and skills in compliance with Rule 3.29 of the Listing Rules. With effect from 13 January, 2026, Mr. Chan Oi Nin Derek has resigned as the Company Secretary of the Company and Ms. Lai Kuen has been appointed as Company Secretary of the Company.

## COMMITTEES

The AC was established on 19 September 2000. The EBC and the RC were established in October 2005, and the NC and the ESGC was set up on 30 March 2012 and 31 August 2021, respectively.

### Executive Board Committee

During the year ended 31 December 2025, the EBC consisted of Ms. Tse, Theresa Y Y as chairwoman and Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, and Mr. Tse Hsin as members.

The EBC meets as and when required to oversee the day-to-day management of the Group.

All resolutions or recommendations approved by the EBC will be reported to the Board, unless there are legal or regulatory restrictions.

# Corporate Governance Report

## Remuneration Committee

Mr. Zhang Lu Fu served as the chairman and Mr. Lu Zhengfei and Ms. Lu Hong served as members of the committee.

The principal functions of the RC include:

- recommending to the Board on the policies and structure of the remuneration of directors of the Company and senior management of the Group;
- recommending to the Board on the remuneration packages of individual executive directors and senior management;
- reviewing and approving their performance-based remuneration;
- reviewing the compensation to directors and senior management in connection with any loss or termination of their office or appointment; and
- ensuring that no director or any of his/her associates are involved in deciding his/her own remuneration.

The RC held one meeting during the year to discuss and review the basis of the remuneration policies and packages of individual directors of the Company and senior management of the Group. Emoluments of directors are determined by reference to the skills, experiences, responsibilities, employment conditions and time-commitment in the Group's affairs and performance of each director as well as salaries paid by comparable companies and the prevailing market conditions.

Information relating to the remuneration of each director for the year under review is set out in note 10 to the financial statements of this annual report.

## Audit Committee

The AC consisted of Mr. Lu Zhengfei as chairman, and Mr. Li Dakui, Ms. Lu Hong, and Dr. Li Kwok Tung Donald as members. The members together have sufficient accounting and financial management expertise and legal and business experience to discharge their duties.

The major duties and responsibilities of the AC are set out clearly in its terms of reference, which include:

- considering and recommending the appointment, re-appointment and removal of external auditors;
- approving the remuneration and terms of engagement of external auditors;
- discussing with external auditors the independence and reporting obligations of auditors and the nature and scope of audit before the audit commences;
- monitoring the integrity of financial statements and reviewing the interim and annual financial statements and reports before submission to the Board;

# Corporate Governance Report

- reviewing the Group's financial controls, internal control and risk management systems;
- considering any findings of major investigations for internal control matters as delegated by the Board or on its own initiative and management's response;
- reviewing external auditors' management letter or any material queries raised by the auditors to management in respect of the accounting records, financial accounts or systems of control and management's response, and ensuring that the Board will provide a timely response to the issues raised; and
- discussing with management to ensure that management has reviewed if there is adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The AC performed the following work during the year under review:

- met with management and external auditors to review and discuss the financial statements for the year ended 31 December 2025;
- reviewed with management the unaudited financial statements for the six months ended 30 June 2025;
- met with external auditors to review the external auditors' plan for statutory audit and engagement letter;
- recommended to the Board, for the approval by shareholders, of the re-appointment of auditors;
- reviewed the findings and recommendations of the internal audit department on the operations and performance of the Group;
- reviewed the risk management and internal control systems of the Group and the effectiveness of the Group's internal audit function; and
- discussed with management to ensure that the Board had conducted an annual review such that there was adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

# Corporate Governance Report

## Nomination Committee

The NC consisted of Ms. Tse, Theresa Y Y as chairwoman and Mr. Tse Ping, Mr. Lu Zhengfei, Ms. Lu Hong, Mr. Zhang Lu Fu, and Dr. Li Kwok Tung Donald as members.

The NC has set out in its terms of reference the major duties and responsibilities as follows:

- formulating a formal and transparent procedure for developing nomination policies for approval by the Board, which shall take into consideration factors such as skills, knowledge, experiences, length of service, description of the role and capabilities required for a particular appointment;
- reviewing the structure, size and composition (including the mix of skills, knowledge, experience and length of service and diversity needed) of the Board at least annually; and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- making recommendation to the Board on formulation of the board diversity policy and reviewing the policy from time to time to ensure its continued effectiveness;
- establishing guidelines for the recruitment of the chief executive and senior management and identifying leadership needs of and succession planning for the Company in relation to both directors and other senior executives;
- identifying individuals suitably qualified to become board members or make recommendations to the Board on the selection of individuals nominated for directorship. Academic and professional qualifications, business experience, expertise and knowledge as well as other requirements under the Listing Rules will be assessed to determine whether the nomination is suitable;
- assessing the independence of the INEDs and reviewing the INEDs' annual confirmations on their independence;
- making recommendations to the Board on the re-appointment of any INED at the conclusion of his/her specified term of office; and
- making recommendations to the Board on matters relating to any actual or potential conflict of interests of directors (including prohibition of voting by the interested director).

During the year under review, by way of exchanging correspondence and reviewing the relevant documents, the NC had (i) reviewed the structure, size and composition of the Board as well as the effectiveness of the implementation of the Company's board diversity policy, (ii) assessed the independence of all INEDs and reviewed the annual confirmation of independence provided by the INEDs, and (iii) reviewed the profiles and contributions of the retiring directors and made recommendation to the Board regarding re-election of directors.

# Corporate Governance Report

## **Environmental, Social and Governance Committee**

The ESGC consists of Ms. Cheng Cheung Ling as chairwoman and Ms. Tse, Theresa Y Y and Dr. Li Kwok Tung Donald as members.

The major duties and responsibilities of the ESGC are set out in its terms of reference, which include:

- proposing and recommending to the Board on the Company's environmental, social and governance ("ESG") and sustainability objectives, strategies, priorities, initiatives, goals and targets;
- overseeing, reviewing and evaluating actions taken by the Group in furtherance of the ESG and sustainability priorities, goals and targets, including coordinating with the business units and operating subsidiaries of the Company and ensuring that their operations and practices adhere to the relevant priorities and goals;
- reviewing and reporting to the Board on ESG and sustainability risks and opportunities, and monitoring, evaluating and reviewing emerging ESG and sustainability-related issues, trends and best practices that could impact the business operations and performance of the Group;
- considering the impact of the Company's ESG and sustainability on its stakeholders, including employees, shareholders, local communities and the environment; and
- reviewing and advising the Board on the Company's public communication, disclosure and publications (including the ESG Report) regarding its ESG and sustainability performance.

During the reporting year, the ESG Committee guided and supervised its subordinate ESG Work Management Committee, continuously improving the Company's ESG risk response and internal system management, and organized the implementation of the Board's ESG strategies and requirements. Led by the ESG Committee, the Group formulated the 2025 ESG Work Plan, setting out ten core tasks and launching multiple pioneering ESG management initiatives. These efforts aim to deeply integrate sustainable development models with corporate strategy and establish an ESG benchmark for China's pharmaceutical industry. To date, all annual ESG initiatives have been fully implemented, and the Company's overall ESG management capabilities have been steadily enhanced.

## **BOARD DIVERSITY POLICY**

The board diversity policy of the Company sets out the approach for achieving diversity of the Board, including but not limited to the appropriate balance of skills, experience and diversity of perspectives that are required to support the attainment of the Company's strategic objectives and the sustainable development of the Company. Board diversity is regarded by the Company as an essential component for wider and more comprehensive corporate governance framework.

# Corporate Governance Report

The NC of the Company may make recommendations to the Board for identifying the necessary criteria when considering appointment of new directors of the Company. Selection of appropriate candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the anticipated merit and contribution that the selected candidate will bring to the Board.

The NC has reviewed annually the Company's diversity profile including the gender distribution of directors and other measurable objectives to ensure the continued effectiveness of the board diversity policy of the Company. The current composition of the Board is characterized by a balanced mix of gender (8 males and 3 females), age (ranging from in their early 30s to in their 70s), and professional experience and expertise. The NC shall make recommendation to the Board on adjustments for the board diversity policy if necessary to ensure the policy best suits the needs of the Company. For details of the Group's workforce diversity, please refer to the 2025 Environmental, Social and Governance Report of the Company.

## BOARD AND COMMITTEE MEETINGS ATTENDANCE

The Board held four meetings in 2025. Details of the attendance of individual director at the Board meetings, committee meetings and general meeting during the year under review are set out below:

Directors	Number of meeting(s) attended/held			
	The Board	Audit Committee	Remuneration Committee	Annual General Meeting
<b>Executive Directors</b>				
Ms. Tse, Theresa Y Y	4/4	N/A	N/A	1/1
Mr. Tse Ping	3/4	N/A	N/A	1/1
Ms. Cheng Cheung Ling	4/4	N/A	N/A	1/1
Mr. Tse, Eric S Y	4/4	N/A	N/A	1/1
Mr. Tse Hsin	4/4	N/A	N/A	1/1
Mr. Tian Zhoushan	1/4	N/A	N/A	0/1
<b>Independent Non-executive Directors</b>				
Mr. Lu Zhengfei	4/4	2/2	1/1	1/1
Mr. Li Dakui	4/4	2/2	N/A	0/1
Ms. Lu Hong	4/4	2/2	1/1	1/1
Mr. Zhang Lu Fu	3/4	N/A	1/1	1/1
Dr. Li Kwok Tung Donald	3/4	1/2	N/A	1/1
Number of meeting(s)	4	2	1	1

# Corporate Governance Report

## SECURITIES TRANSACTIONS BY DIRECTORS AND OFFICERS

The Company has adopted a code of conduct regarding securities transactions by directors and senior management/employees (the “Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors, it was confirmed that for the year under review, all directors complied with the required standard set out in the Model Code and the Code regarding securities transactions by directors adopted by the Company.

Management/employees as defined in the Code who because of their employment possess any inside information at any time are prohibited from dealing in securities of the Company to the same extent as directors.

## INSURANCE COVER FOR DIRECTORS’ LIABILITIES

The Company has arranged directors’ and officers’ liability insurance for all directors and senior officers against legal liability arising from their performance of duties. The insurance coverage is reviewed on an annual basis.

## REMUNERATION OF SENIOR MANAGEMENT

There were 3 directors and 1 employee classified as senior management for the year ended 31 December 2025. The details of the remuneration of senior management were disclosed as follows:

	Amount of remuneration for the year			Total number
	RMB2,500,001 – RMB3,000,000	RMB4,500,001 – RMB5,000,000	Above RMB5,000,000	
Number of senior management	1	1	2	4

## B. ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the accounts which give a true and fair view of the state of affairs of the Company and the Group, with supporting assumptions or qualifications as necessary. The directors also ensure the timely publication of the financial statements of the Company.

The management provides explanation and information to the Board to enable it to make an informed assessment of the financial and other information to be approved.

The Board endeavors to ensure a balanced, clear and understandable assessment of the Company’s position and prospects when the Company extends financial reports and other information to general public and regulators pursuant to the Listing Rules and other statutory requirements.

# Corporate Governance Report

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board continues to prepare the financial statements on a going concern basis.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board is responsible for managing business and operational risks and maintaining a proper and effective system of internal control to safeguard the Group's assets. The Board (i) oversees the design, implementation and monitoring of the risk management and internal control systems, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's business objectives; and (ii) delegates the responsibility of reviewing the effectiveness of the Group's risk management and internal control systems to the AC, which monitors such systems through the Group's internal audit department. The management of various business units is responsible for designing, implementing and monitoring the detailed risk management and internal control procedures, whereas risk owners appointed by the management are responsible for identifying, analysing and prioritising risk issues for further consideration by the management and ensuring that the risk management and internal control procedures are working effectively and risk mitigation actions are implemented timely within the business units.

The internal audit department reviews major operational and financial systems of the Group on a continuing basis and it aims to cover all significant functions within the Group in each financial year. The scope of the internal audit department's review and the audit programmes have been approved by the AC. The department reports directly to the AC and the Chairwoman of the Board, and submits regular reports for their review in accordance with the approved programmes. The external auditor also reports any control issues which are identified in the course of audit or review work to the AC. For the year ended 31 December 2025, the directors through the Audit Committee had conducted an annual review of the effectiveness of the Group's systems of risk management and internal control covering all major functions, including operations, financial reporting, and Listing Rules compliance. Based on the results of the review, the directors considered that such systems were effective and adequate, and no material changes, since the last annual review, in the nature and extent of Group's significant risks and the Group's ability to respond to changes in its business and the external environment were found.

The Group has established guidelines and procedures for the approval and control of expenditure. Operating expenditures are subject to the overall budget control and are controlled by each business unit with approval levels for such expenditures being set by reference to each executive's and officer's level of responsibility. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval by the directors are required for unbudgeted expenditures prior to commitment.

The Board had also conducted a review of and was satisfied with the findings on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Group's ESG performance and reporting for the year under review.

# Corporate Governance Report

## INTEGRITY AND GOOD FAITH

The Company is committed to strict compliance with the relevant laws and regulations of China. It continuously enhances its compliance performance and business ethics management through the formulation and implementation of strict business ethics regulations and internal monitoring procedures.

The Company has formulated and implemented the “Anti-commercial Bribery Regulations of Sino Biopharmaceutical Limited”, pursuant to which all employees of the Group as well as business partners who have business dealings with the Group are required to perform their duties with integrity and good faith, and any acts of commercial bribery are strictly prohibited. The Group has clearly defined the range and scope of prohibited behaviour and commercial bribery, and prohibits its employees from using financial or other means to bribe any entities or individuals in order to seek business opportunities or competitive advantages. The Group has also formulated detailed anti-corruption measures and controls in areas such as procurement, product sales, invoicing, personnel employment, and communication with third parties. For employees who violate the anti-corruption rules and regulations, the Group will make appropriate punitive actions against them or even transfer those suspected of violating the law to the public security authorities depending on the circumstances.

The whistle-blowing process is expressly provided for in the anti-bribery regulations of the Group. If any violation of the regulations is found, it should be reported to the department responsible for compliance in time and the relevant supporting materials should be provided. The Group has established a sound internal investigation mechanism to conduct comprehensive investigation into the reported violations or any compliance risks discovered in regular audit assessments, and the Group shall take corresponding punitive and control measures and rectify the internal control loopholes found in the investigation in a timely manner, in order to continuously enhance the Group’s anti-corruption management standard. The legitimate rights of the whistleblowers are under reasonable protection by the anti-bribery regulations.

## AUDITORS’ REMUNERATION

During the year under review, the remuneration paid to the Group’s external auditors is set out as follows:

	<b>Fee paid/ payable for the year (RMB’000)</b>
Services rendered	
Audit services	6,000
Non-audit services	1,087

# Corporate Governance Report

## C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, results announcements, other announcements and circulars made through the Company's and Stock Exchange's websites.

The Company has established a comprehensive communication policy with shareholders to ensure that shareholders are provided with timely access to the balanced and understandable information about the Company. The policy has been reviewed annually by the Board to ensure its effectiveness. Based on the results of the review, the process of which included collating feedback from various stakeholders such as shareholders, investors and analysts, the Board considered that the policy was effective and adequate. A copy of the policy is available on the Company's website for public reference.

AGM or other general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairwoman of the Board as well as the chairmen of the AC and/or RC, or in their absence, members of the committees or senior management of the Company shall be available to answer shareholders' questions. The chairman of the independent board committee shall also attend the general meetings for approving a connected transaction or any transaction that is subject to independent shareholders' approval.

During the year under review, at the 2025 AGM, directors including the CEO were present at the meeting and answered questions raised by shareholders. A representative from the external auditors, Messrs. Ernst & Young, also attended the 2025 AGM and was available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditors' report. All resolutions at the 2025 AGM were passed by way of poll and the notice of the AGM was sent to shareholders at least 21 clear days before the meeting.

### SHAREHOLDERS' RIGHT

#### Convening Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to article 58 of the Articles, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# Corporate Governance Report

## **Procedures for Proposing a Person for Election as a Director**

Pursuant to article 88 of the Articles, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Accordingly, if a shareholder of the Company wishes to nominate a person to stand for election as a director, the following documents must be validly served on the Company, namely: –

- a notice of intention to propose a resolution; and
- a notice signed by the nominated candidate of his willingness to be elected together with the candidate's information required to be disclosed under Rule 13.51(2) of the Listing Rules and the candidate's written consent to the publication of his personal data together with the certified true copies of identification card or passport, residential address proof and education certificates.

## **CONSTITUTIONAL DOCUMENTS**

During the year, the Company amended its Articles, the details of which were set out in the announcement dated 23 April, 2025 and the circular dated 29 April, 2025 of the Company. The amendments to the Articles were approved by shareholders at the annual general meeting of the Company held on 10 June, 2025. The latest version of the Articles is available for inspection on websites of the Company and the Stock Exchange.

## **DIVIDEND POLICY**

The Company adopts a dividend policy of providing shareholders with stable and sustainable dividends. The dividend payment will be based on the Company's financial performance and cash flows, future capital requirements, general economic and business conditions, etc. Whilst the Company does not intend to set any pre-determined dividend distribution ratio in order to allow for financial flexibility, the Company endeavors to strike a proper balance between shareholders' interests and prudent capital management and aims to deliver sustainable dividends that are in line with earnings improvement and long-term growth of the Company.

## **ENQUIRIES TO THE BOARD**

Enquiries may be put forward to the Board through the Company's head office at Unit 09, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The Company regularly releases latest corporate news of the Group on its website at [www.sbpgroup.com](http://www.sbpgroup.com). The public are welcome to give comments and make enquiries through the Company's website.

# Report of Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 1 to the financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

## RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2025 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 70 to 162.

The payment for interim dividend of HK5 cents per ordinary share of the Company ("Share(s)") or approximately HK\$906,333,000 (equivalent to approximately RMB835,638,000) in total was made during 2025.

The Board has recommend the payment of a final dividend of HK5 cents per Share in respect of the year ended 31 December 2025 to shareholders.

Subject to the approval by the shareholders of the Company at the AGM to be held on Wednesday, 17 June 2025, the final dividend will be paid to shareholders on Monday, 20 July 2026 whose names appear on the register of members of the Company on Thursday, 2 July 2026.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:-

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 11 June 2026.
- (b) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Friday, 26 June 2026 to Thursday, 2 July 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 25 June 2026.

## BUSINESS REVIEW

A review of the business of the Group and analysis of the Group's performance during the year, including a description of the principal risks and uncertainties facing the Group and financial key performance indicators, is provided in the Chairwoman's Statement and Management Discussion and Analysis sections on pages 5 to 28 of this annual report.

# Report of Directors

## SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities, net assets and non-controlling interests of the Group for the last five financial years is set out on page 4 of this annual report.

## PROPERTIES, PLANT AND EQUIPMENT

Details of movements in the properties, plant and equipment of the Company and the Group during the year are set out in note 15 to the financial statements.

## SHARE CAPITAL

Details of movements in the Company's share capital and share options (if any) during the year, together with the reasons therefor, are set out in notes 33 and 34 to the financial statements.

## PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 December 2025, the Company bought back a total of 30,500,000 Shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of approximately HK\$92,624,000 before expenses. The bought back Shares were subsequently cancelled. Further details are set out as follows:

Month	Number of Shares bought back	Purchase consideration per Share		Consideration paid HK\$
		Highest HK\$	Lowest HK\$	
January	21,500,000	3.00	2.79	62,249,000
April	9,000,000	3.42	3.19	30,375,000

Pursuant to the rules of the share award scheme adopted by the Company on 5 January 2018 (the "2018 Share Award Scheme"), the trustee of the 2018 Share Award Scheme purchased on the Stock Exchange a total of 8,000,000 Shares at a total consideration of approximately HK\$24,269,000 during 2025.

No shares were purchased by the trustee on the Stock Exchange under the share incentive scheme implemented by CT Tianqing, a subsidiary of the Company, in 2024 (the "2024 CT Tianqing Share Incentive Scheme") during 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in notes 35 and 45 to the financial statements and in the consolidated statement of changes in equity, respectively.

# Report of Directors

## **DISTRIBUTABLE RESERVES**

At 31 December 2025, the Company's reserves, including share premium account, available for cash distribution/or distribution in specie, and after taking into account the proposed final dividend of approximately RMB803,778,000 (2024: approximately RMB674,031,000), amounted to approximately RMB13,938,776,000(2024: approximately RMB14,147,484,000). Under the laws of the Cayman Islands, a company may make distribution to its members out of the share premium account under certain circumstances.

## **MAJOR CUSTOMERS AND SUPPLIERS**

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

To the best knowledge of the directors, none of the directors of the Company or any of their associates or any shareholders (which owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group strives to implement its environment friendly policies through efficient use of resources and active adoption of measures to reduce environmental impacts. An environment, health and safety management system has been established to conduct environmental impact assessment of new production facilities at the major subsidiaries of the Company. During the production process, the Group has implemented procedures on energy conservation, emission reduction, waste water and solid waste disposal for environmental protection. The Group has also encouraged its staff to be environment friendly by consuming electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Through such policies and compliance with applicable environmental laws and regulations, the Group continues to improve its environmental performance to achieve sustainable development.

Please refer to the Company's 2025 Environmental, Social and Governance Report separately posted on the websites of the Company and the Stock Exchange for further details of the Company's environmental and social performance.

## **RELATIONSHIP WITH STAKEHOLDERS**

The Group recognizes that stakeholder interests play a key role in its sustainable business operation and has maintained effective communications with its key stakeholders, including customers, suppliers and employees to strengthen relationships and co-operations for the long-term development of the Group.

The customers of the Group comprise mainly distributors and hospitals. The Group actively promotes and obtains feedback on its products by organizing seminars and new product launching conferences. After-sale services are provided through telephone consultation and complaint handling. The Group is devoted to the provision of quality products and services to promote long-term co-operation with its customers so as to increase market share and improve market competitiveness.

# Report of Directors

The Group adopts a scientific approach in managing its suppliers through a standardized supplier management system with improved procurement tender mechanism. Annual evaluation on suppliers is conducted to ensure that services and products procured meet the requirements of the Group.

Employees are considered as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize employees by providing competitive remuneration packages and implementing a sound performance evaluation system, and to promote career development and progression within the Group by providing adequate training and opportunities. A healthy, safe and happy working environment is also provided through the safety management system, cultural and sports activities and health examinations.

## COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group operates its business through its subsidiaries in the PRC and accordingly, relevant laws and regulations in the PRC applicable for the research, development, manufacturing, sales and distribution of pharmaceutical products, including but not limited to the laws and regulations on quality, safety, production, environmental protection, intellectual property and labour, shall be complied with. In addition, as a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange, the Company is governed by the Companies Act of the Cayman Islands, as well as the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO")).

During the year ended 31 December 2025, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business and operations.

## DIRECTORS

The directors of the Company during the year were:

### **Executive directors:**

Ms. Tse, Theresa Y Y  
Mr. Tse Ping  
Ms. Cheng Cheung Ling  
Mr. Tse, Eric S Y  
Mr. Tse Hsin  
Mr. Tian Zhoushan

### **Independent non-executive directors:**

Mr. Lu Zhengfei  
Mr. Li Dakui  
Ms. Lu Hong  
Mr. Zhang Lu Fu  
Dr. Li Kwok Tung Donald

In accordance with Article 87 of the Articles, Ms. Cheng Cheung Ling, Mr. Tian Zhoushan, Mr. Lu Zhengfei and Mr. Li Dakui will retire by rotation and are eligible for re-election at the forthcoming AGM. Mr. Tian Zhoushan and Mr. Li Dakui have informed the Board that they would not offer themselves for re-election and accordingly will retire at the conclusion of the AGM. Save for Mr. Tian Zhoushan and Mr. Li Dakui, all other retiring directors offer themselves for re-election.

# Report of Directors

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to the independence guidelines under the Listing Rules and the Company considers such directors to be independent.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 56 to 61 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 40 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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

At 31 December 2025, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in ordinary shares of the Company

Name of director	Notes	Capacity/Nature of interest	Number of shares held, capacity and nature of interest			Approximate percentage of the Company's issued share capital
			Directly beneficially owned	Through controlled corporations	Total	
Ms. Tse, Theresa Y Y		Beneficial owner	6,000,000	-	6,000,000	0.03%
Mr. Tse Ping	(1)	Beneficial owner	228,989,117	1,459,785,124	1,688,774,241	9.00%
Ms. Cheng Cheung Ling	(2)	Beneficial owner	212,034,750	2,756,643,374	2,968,678,124	15.82%
Mr. Tse, Eric S Y	(3)	Beneficial owner	5,000,000	4,050,000,000	4,055,000,000	21.61%
Mr. Tse Hsin	(4)	Beneficial owner	177,247,000	183,310,270	360,557,270	1.92%
Dr. Li Kwok Tung Donald		Beneficial owner	71,000	-	71,000	0.00%

# Report of Directors

Notes:

- (1) Mr. Tse Ping held 1,459,785,124 Shares through Validated Profits Limited, the entire issued share capital of which is owned by Mr. Tse Ping.
- (2) Ms. Cheng Cheung Ling held 2,081,643,374 Shares and 675,000,000 Shares through True Merit Global Limited and Chia Tai Bainian Holdings Limited, respectively. The entire issued share capital of each of the companies is owned by Ms. Cheng Cheung Ling.
- (3) Mr. Tse, Eric S Y held 2,362,500,000 Shares and 1,687,500,000 Shares through Thousand Eagles Limited and Remarkable Industries Limited, respectively. The entire issued share capital of each of the companies is owned by Mr. Tse, Eric S Y.
- (4) Mr. Tse Hsin held 183,310,270 Shares through Sure Smart Enterprises Limited, the entire issued share capital of which is owned by Mr. Tse Hsin.

Saved as disclosed above, as at 31 December 2025, none of the directors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## **PERSONS WHO HAVE AN INTEREST AND/OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE AND SUBSTANTIAL SHAREHOLDERS**

As at 31 December 2025, the following persons (not being a director or chief executive of the Company) had the following interests and/or short positions in the shares and/or underlying shares of the Company 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 to Section 336 of the SFO were as follows:

# Report of Directors

## Long positions in shares and/or underlying shares

Name	Notes	Capacity/Nature of Interest	Number of shares and/or underlying shares of the Company	Approximate percentage of issued share capital of the Company
Thousand Eagles Limited	(1)	Beneficial owner	2,362,500,000	12.59%
True Merit Global Limited	(2)	Beneficial owner	2,081,643,374	11.10%
Remarkable Industries Limited	(1)	Beneficial owner	1,687,500,000	8.99%
Validated Profits Limited	(3)	Beneficial owner	1,459,785,124	7.78%

Notes:

- (1) Each of Thousand Eagles Limited and Remarkable Industries Limited is an investment holding company wholly-owned by Mr. Tse, Eric S Y.
- (2) True Merit Global Limited is an investment holding company wholly-owned by Ms. Cheng Cheung Ling.
- (3) Validated Profits Limited is an investment holding company wholly-owned by Mr. Tse Ping.

Save as disclosed above, as at 31 December 2025, no person (not being a director or chief executive of the Company) had an interest and/or short position in the shares and/or underlying shares of the Company 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.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the heading "Directors' and Chief Executives' interests and short positions in share, underlying shares and debentures" above, at no time during the year 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 spouse or minor children, or were any such rights exercised by them; nor was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights through any other body corporate.

# Report of Directors

## RELATED PARTY TRANSACTIONS

The related party transactions as set out in note 40 to the financial statements did not constitute “connected transactions” or “continuing connected transactions” under Chapter 14A of the Listing Rules.

During the Year, there were no transactions which, in the opinion of the Directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

## CONVERTIBLE BONDS

On 17 February 2020, the Company completed the issuance and listing of EUR750,000,000 zero coupon convertible bonds due 2025 (“Convertible Bonds”) by way of debt issues to professional investors only. The net proceeds from the Convertible Bonds were used by the Group for research and development expenditure, construction of manufacturing facilities, sales and marketing and general corporate purposes.

Pursuant to the terms and conditions of the Convertible Bonds, the Company has redeemed at maturity on 17 February 2025 in full all of the outstanding Convertible Bonds in issue at their principal amount, subsequent to which there was no outstanding Convertible Bonds in issue and the Convertible Bonds were withdrawn from the list of listed securities on the Stock Exchange.

## SHARE OPTION SCHEME AND SHARE AWARD SCHEMES

Details of the share option scheme and share award scheme adopted by the Company and the share incentive scheme implemented by the Company’s subsidiary are set out in note 34 to the financial statements.

No share options had been granted to any participant under the Company’s share option scheme since its adoption up to the date of this report.

### 2018 Share Award Scheme

Details of the restricted shares granted under the 2018 Share Award Scheme during the year ended 31 December 2025 are as follows:

	Date of grant	Number of restricted shares unvested as at 1 January 2025	Number of restricted shares granted during the year	Number of restricted shares vested during the year	Number of restricted shares unvested as at 31 December 2025	Fair value of restricted shares as at the date of grant HK\$	Closing price of the shares immediately before the date on which restricted shares were granted HK\$
Selected participants <sup>(1)</sup>	25/03/2025	-	61,200 <sup>(2)</sup>	(61,200) <sup>(2)</sup>	-	3.55 <sup>(3)</sup>	3.54
	27/08/2025	-	6,370,350 <sup>(2)</sup>	(6,370,350) <sup>(2)</sup>	-	7.91 <sup>(3)</sup>	8.3

Notes:

- (1) All grantees were employees and consultants of the Group, and included (i) no director, chief executive or substantial shareholder of the Company or their respective associates, and (ii) none of the five highest paid individuals during the year. During the year, no participant was granted restricted shares that would result in all shares granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue of the Company.

# Report of Directors

- (2) The restricted shares were granted at nil purchase price and vested immediately on the date of grant. The weighted average closing price of the shares immediately before the dates on which the restricted shares were vested was HK\$8.25 per share. No restricted shares granted were cancelled, lapsed or forfeited in accordance with the terms of the 2018 Share Award Scheme during the year.
- (3) The fair value of the restricted shares was calculated based on the closing price of the Company's shares as at the date of grant.

As at 31 December 2025, 529,934,893 Shares were held on trust by the trustee under the 2018 Share Award Scheme.

## 2024 CT Tianqing Share Incentive Scheme

Details of the incentive shares granted under the 2024 CT Tianqing Share Incentive Scheme during the year ended 31 December 2025 are as follows:

Number of incentive shares							Vesting period
Date of grant	Unvested as at 1 January 2025	Granted during the year	Vested during the year	Forfeited/cancelled during the year	Unvested as at 31 December 2025		
Employee participants <sup>(1)</sup>	30/09/2024 <sup>(2)</sup>	107,784,000	-	-	(5,520,000)	102,264,000	31 December 2025 to 31 December 2027

Notes:

- (1) All grantees were employees of CT Tianqing, and included (i) no director, chief executive or substantial shareholder of the Company or their respective associates, and (ii) none of the five highest paid individuals during the year. During the year, no participant of the scheme was granted incentive shares that would result in all shares granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue of the Company.
- (2) The incentive shares were granted at a purchase price of RMB1.40 per share.

As at 31 December 2025, 338,690,000 Shares were held on trust by the trustee under the 2024 CT Tianqing Share Incentive Scheme.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2025.

# Report of Directors

## UNDERTAKING

Mr. Tse Ping has executed a deed of undertaking (the “Undertaking”) in favour of the Company on 9 September 2003 which has become effective upon the commencement of trading in shares of the Company on the Main Board of the Stock Exchange.

Pursuant to the Undertaking, Mr. Tse has undertaken to the Company that, conditional upon the commencement of trading in the Shares on the Main Board, for so long as (i) Mr. Tse, together with his associates, shall remain beneficially interested, directly or indirectly, in Shares with at least 30 per cent. of the voting rights of the Company (from time to time), and (ii) the Shares shall remain traded on the Main Board, neither Mr. Tse nor any of Mr. Tse’s Companies (excluding for this purpose the Group) will, within the Territory (as defined below), carry on, become engaged or otherwise become interested (saved through Mr. Tse’s interest in the Company) directly or indirectly in, any business which falls within the Restricted Business (as defined below); and

For the purpose of the Undertaking:-

“Mr. Tse’s Company(ies)” refers to any of the companies or other entities of which more than 50 per cent. of the issued shares or equity of other nature carrying voting rights are directly or indirectly owned by Mr. Tse or regarding which companies or entities Mr. Tse is entitled to control the board of directors or management body of similar nature;

“Restricted Business” refers to:-

- (i) the R&D, production and sale of biopharmaceutical products for the medical treatment of ophthalmia and osteoarthritis, biopharmaceutical products for external use for the medical treatment of skin diseases, modernized Chinese medicines, chemical medicines and modern health-care products for the medical treatment of hepatitis and angiopathy of cardio-cerebral; and
- (ii) the research and development of new medicines and modern health-care products for the medical treatment of cardiovascular and respiratory diseases.

“Territory” refers to the PRC (including Hong Kong). The Undertaking does not apply to the followings:-

- (i) the holding of shares or other securities issued by the Company or any of its subsidiaries from time to time;
- (ii) the holding of shares or other securities in any company which carries on, or is engaged or interested directly or indirectly in, any business which falls within the Restricted Business in the Territory, provided that such securities are listed on a stock exchange with regular trading and the total securities held by Mr. Tse and/or his associates do not amount to more than 20 per cent. of the issued shares or other securities of the company in question; and
- (iii) the investment by Mr. Tse and/or Mr. Tse’s Company in a business in the Territory which falls within the Restricted Business if the opportunity to invest in such business had been offered to and was either rejected by the Company or accepted in part by the Company on the basis of the investment in the balance being taken up by Mr. Tse or Mr. Tse’s company, in either case in accordance with paragraph below.

# Report of Directors

In the event that Mr. Tse or any Mr. Tse's Company has identified an opportunity to invest (whether by way of the establishment of a new enterprise or the acquisition of existing interests in, or the injection of new capital into, an existing enterprise) in a business in the Territory which falls within the Restricted Business or any pharmaceutical related business in the Territory in which the Group is principally engaged from time to time (excluding any business in which Xian C.P. Pharmaceutical Co., Ltd. and/or Hainan Tigerlily Pharmaceutical Co., Ltd is/are engaged as at the date of the Undertaking) (the "Proposed Business"), Mr. Tse will undertake that he will procure that the said opportunity be first offered to the Company and that all relevant information relating to the Proposed Business in the possession of Mr. Tse and/or any Mr. Tse's Company shall be provided to the Company. The independent non-executive Directors shall have the right on behalf of the Company to determine whether the Group should:-

- (i) reject the said opportunity in its entirety; or
- (ii) accept the said opportunity in full and proceed with the participation in the Proposed Business; or
- (iii) accept the said opportunity in part only on condition that, subject to compliance with any applicable requirements of the Listing Rules, Mr. Tse (including through a Mr. Tse's Company) takes up the balance of the investment upon terms approved by the independent non-executive Directors.

## EMOLUMENT POLICY

Including the Directors, the Group had 21,435 employees as at 31 December 2025. The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits include insurance and medical coverage, subsidized training programmes as well as employee share incentive schemes.

In order to properly reflect the public accountability and time and effort spent on the Board and various committees and meetings, the determination of emoluments of the directors of the Company has taken into consideration of their expertise and job specifications.

## DONATION

During the year ended 31 December 2025, the donation of the Group amounted to approximately RMB69.65 million.

## AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

**Tse, Theresa Y Y**  
*Chairwoman*

Hong Kong  
26 March 2026

# Directors and Senior Management Profile

## DIRECTORS

### Executive Directors

**Ms. Tse, Theresa Y Y (謝其潤女士)**, aged 33, is the chairwoman of the Board, an executive director, the chairwoman of the executive board committee and the nomination committee, and a member of the environmental, social and governance (“ESG”) committee of the Company. Ms. Tse is also a director of CT Tianqing and the vice chairwoman of Beijing Tide. Ms. Tse was a member of the first and second board of directors of Beijing Chia Tai Charity Foundation. She holds a Bachelor Degree of Science in Economics from the Wharton School of University of Pennsylvania. As a new generation business leader, Ms. Tse was included in the list of “100 Outstanding Business Women in China” by Forbes China for eight times from 2018 to 2026, and selected as one of “The Bloomberg 50” for 2024 by Bloomberg Businessweek.

Ms. Tse is the daughter of Mr. Tse Ping and Ms. Cheng Cheung Ling, the sister of Mr. Tse, Eric S Y, and a niece of Mr. Tse Hsin, all being executive directors and/or substantial shareholders of the Company.

**Mr. Tse Ping (謝炳先生)**, aged 74, is the founding chairman of the Company and now serves as the senior vice chairman of the Board, an executive director, and a member of the executive board committee and nomination committee of the Company. Mr. Tse Ping has more than 35 years of extensive experience of investment and management in the pharmaceutical industry in China. Mr. Tse Ping is currently the president of NJCTT, Jiangsu CT Fenghai, Jiangsu CT Qingjiang, and Chia Tai Pharmaceutical Investment (Beijing) Group Co., Ltd., and a director of CT Tianqing and Beijing Tide. Mr. Tse Ping is also a senior vice president of Chia Tai Group, the president of CP Pharmaceutical Group, and a director of Shanghai Fortune World Development Co., Ltd., Tianjin Chiatai Feed Tech Co., Ltd., SYN Energy Technology Co., Ltd., and Chia Tai Oversea Chinese Realty Development Co., Ltd.

Soon after the adoption of the open-up and reform policy by China, Mr. Tse Ping started to develop his investment and business in China. He has been engaged in the pharmaceutical industry since 1991, having made equity investments in a dozen or so enterprises, and is one of the most successful overseas investors in the PRC pharmaceutical industry. Led by Mr. Tse Ping, CP Pharmaceutical Group has developed to a large integrated pharmaceutical enterprise, and its Hong Kong listed flagship Sino Biopharmaceutical Limited is a constituent of the Heng Seng Index, owning a number of national key high-technology enterprises. Adhering to the concept of technology innovation and building upon R&D system based on originality as well as imitation, the Group strives to develop international level, high-end biological drugs and innovative drugs and to achieve breakthroughs in different areas including medical services, medical equipment, and mergers and acquisitions, and becomes an innovation driven pharmaceutical conglomerate with its business encompassing the entire industry chain which spans from R&D to manufacture and sales of pharmaceutical products. Since incorporation, the Company continues to break its own record in terms of revenue and net profit, and was included in American Magazine Pharm Exec’s “Top 50 Companies” for six consecutive years from 2019 to 2024 and was ranked one of the “Asia Fab 50 Companies” by Forbes Asia for three consecutive years.

As a recognition for his efforts in promoting the development of the pharmaceutical industry in China, Mr. Tse Ping was awarded a number of honours, including the prize of “World Outstanding Chinese” and an honorary Doctor Degree by the University of West Alabama, United States of America in January 2008, and the “2007/2008 Asian Knowledge Management Association academician” granted by the Asian Knowledge Management Association in December 2008.

Mr. Tse Ping was a member of the Ninth, Tenth and Eleventh National Committee of the Chinese People’s Political Consultative Conference. He is currently an executive vice chairman of the China Overseas Chinese Entrepreneurs Association and a distinguished professor of University for Peace, UPEACE.

Mr. Tse Ping is the father of Ms. Tse, Theresa Y Y and Mr. Tse, Eric S Y and a first cousin of Mr. Tse Hsin, all being executive directors and/or substantial shareholders of the Company.

## Directors and Senior Management Profile

**Ms. Cheng Cheung Ling (鄭翔玲女士)**, is one of the founders of the Company, and is currently the vice chairwoman of the Board, an executive director, a member of the executive board committee, and the chairwoman of the ESG committee of the Company. Ms. Cheng was born in 1964, graduated from the Guanghua School of Management of Peking University and obtained a Master Degree in Business Administration. She is also a clinician. As a founder of CP Pharmaceutical Group, Ms. Cheng has made significant contribution to the business development of CP Pharmaceutical Group. CT Tianqing and Beijing Tide, the core members of the CP Pharmaceutical Group, have been included in the list of “Top 100 Enterprises in Chinese Pharmaceutical Industry” for years. When Ms. Cheng was at the helm of Beijing Tide, Beijing Tide has achieved tremendous growth with concentration on internationalization and innovation, and become a leading enterprise in the development, production and sales of transdermal drug delivery systems and targeted therapy drugs in China under her leadership.

Over the years, being dedicated to patriotism with affection for the country and Hong Kong and committed to facilitating communication and trade between the Mainland and Hong Kong, Ms. Cheng has done remarkable work for promoting national cohesion and bilateral cooperation between the Mainland and Hong Kong. In addition, Ms. Cheng is a devoted charity supporter, actively participating in community philanthropy. Public offices held by Ms. Cheng include the founding chairwoman of the Hong Kong China Friendship Association; the founding president of the council of Hong Kong Belt & Road General Chamber of Commerce; the past chairwoman of the Friendship Association of the Chinese People’s Political Consultative Conference (Hong Kong Provincial Committee); the convenor of the Eighth, Ninth, Tenth, Eleventh, Twelfth and Thirteenth Standing Committees of the Shaanxi Province Chinese People’s Political Consultative Conference; a vice director of the Twelfth and Thirteenth Subcommittees of Hong Kong, Macao and Taiwan Compatriots and Overseas Chinese of the Shaanxi Province Chinese People’s Political Consultative Conference; successively a founding council member, an executive council member, and convenor and spokesperson of the Fifth Sector of election committee of the China Overseas Friendship Association from 1997 to present; successively the president of the Second Council Committee and honorary life president of the General Association of Shaanxi Entrepreneurs; the president of the Hong Kong Shaanxi General Association; an executive vice chairwoman of the Beijing Overseas Chinese Chamber of Commerce; a vice president of Beijing Federation of Industry & Commerce; and the honorary dean of the Marine Biomedical Research Institute of Qingdao, etc.

The distinguished community services provided by Ms. Cheng are well recognized by various sectors. She was not only appointed as a Justice of the Peace (*JP*) and awarded the Silver Bauhinia Star (*SBS*) by the Government of Hong Kong SAR but also awarded by a number of organizations honours such as “National Women’s Meritorious Service Model (全國巾幗建功標兵)”, the 3rd session of “Sanqin Philanthropy Award (三秦慈善獎)” of Shaanxi Province, “Bearer of Red Flag March 8 (三八紅旗手) of Shaanxi Province”, the 4th session of “Jinghua Award (京華獎)” of Beijing, and the 11th session of “Qindao Award (島琴獎)” of Qingdao City.

She is the mother of Ms. Tse, Theresa Y Y and Mr. Tse, Eric S Y, executive directors and/or substantial shareholders of the Company.

## Directors and Senior Management Profile

**Mr. Tse, Eric S Y (謝承潤先生)**, aged 30, is an executive director, a member of the executive board committee and the Chief Executive Officer of the Company. He is the chairman of CT Tianqing, the chairman of Beijing Tide and a director of NJCTT. He holds a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania and a master degree in Management and Global Leadership from Schwarzman College, Tsinghua University. He is a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a member of All-China Youth Federation, a vice president of Shaanxi Province Youth Federation, a member of the Digital Economy Committee of APEC China Business Council, a presidium member of the Global Shapers of World Economic Forum, the vice director of the Technology Innovation Committee of Hong Kong Belt & Road General Chamber of Commerce, an executive vice president of Jiangsu Overseas Chinese Chamber of Commerce, a member of the Seventh Election Committee of the Hong Kong Special Administrative Region, a vice president of the Youth Federation of Hong Kong Political Consultative Conference, and a member of the Y.Elites Association. Mr. Tse, Eric S Y was awarded the "Top Ten Outstanding Chinese American Youth" in 2018 (the list of which was jointly selected by the All-America Chinese Youth Federation, the American Chinese Public Diplomacy Association, and the English "Los Angeles Post") and recognized as one of the "Top Ten Outstanding Young Persons" of the 13th session of Lianyungang Municipal Award and an outstanding person of the "Outstanding Contribution to Manufacture in Jiangsu Award".

Mr. Tse, Eric S Y is the son of Mr. Tse Ping and Ms. Cheng Cheung Ling, the brother of Ms. Tse, Theresa Y Y, and a nephew of Mr. Tse Hsin, all being executive directors and/or substantial shareholders of the Company.

**Mr. Tse Hsin (謝忻先生)**, aged 56, is an executive director, a member of the executive board committee and a senior vice president of the Company. Mr. Tse Hsin is mainly responsible for mergers and acquisitions and financing activities of the Group. Mr. Tse Hsin graduated from the University of Hong Kong with a Bachelor's Degree (Honors) in Industrial Engineering. He joined the Group in August 1995 as an assistant to the president of the Company and served as the general manager of Xian C.P. Pharmaceutical Co., Ltd. Mr. Tse Hsin was a council member of the first council and an executive council member of the second council of Chaozhou Natives Chamber of Commerce Beijing. He was also an executive member of the Right Protection Association for the Medical Treatment Equipment Enterprises of the Shaanxi Province, a vice chairman of the fourth council of the Foreign Invested Enterprises Association of the Shaanxi Province, an executive member of the third committee of the Shaanxi Cancer Fighting Association and a vice chairman of the World Chinese Medicine and Pharmaceutical Professional Joint Committee. He was awarded the "Outstanding Management Award for Foreign-invested Enterprises of Shaanxi Province" by the Shaanxi Provincial Government and the "Outstanding entrepreneur who cares about his staff" by the Shaanxi Foreign Invested Enterprises Association. Mr. Tse Hsin was a director of CT Tianqing, Beijing Tide, and CP Pharmaceutical (Qingdao) Co., Ltd., and is currently a director of NJCTT, CP Boai Investment Ltd. and HanchorBio Inc., the chairman of Chia Tai Shaoyang Orthopedic Hospital, and a supervisor of CT Tianqing.

Mr. Tse Hsin is an uncle of Ms. Tse, Theresa Y Y and Mr. Tse, Eric S Y and a first cousin of Mr. Tse Ping, all being executive directors and/or substantial shareholders of the Company.

**Mr. Tian Zhoushan (田舟山先生)**, aged 62, joined the Group in April 1997 and is responsible for the business of NJCTT. Mr. Tian is currently the president of NJCTT. Mr. Tian completed MBA coursework in Nanjing University. He was the head of production, the assistant to the president, and the vice president of CT Tianqing, and has over 30 years of experience in the pharmaceutical industry.

# Directors and Senior Management Profile

## Independent Non-executive Directors

**Mr. Lu Zhengfei** (陸正飛先生), aged 62, is an independent non-executive director of the Company and is the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Lu received a P.h.D. Degree in Economics (financial management). He is currently a Distinguished Professor of Chang Jiang Scholars and supervisor of doctoral students of the Guanghua School of Management of Peking University. He had previously held various senior positions in the Department of Accounting of both the Guanghua School of Management of Peking University and the Nanjing University. He is a standing council member of the China Accounting Association and the deputy director of its Financial Management Committee and was also an expert consultant of the China Financial Accounting Standards Board, Ministry of Finance. Mr. Lu is the editor of several accounting and finance journals and has issued various publications. He is an independent director of China Cinda Asset Management Co., Ltd. (listed on the Stock Exchange), Xinjiang Tianshan Cement Company Limited (listed on the Shenzhen Stock Exchange), and China International Capital Corporation Limited (listed on both the Stock Exchange and the Shanghai Stock Exchange), respectively.

**Mr. Li Dakui** (李大魁先生), aged 82, is an independent non-executive director and a member of the audit committee of the Company. He graduated from the Faculty of Pharmacy of Beijing Medical University (now known as the School of Pharmaceutical Sciences of Beijing University) in 1965, and obtained a Master Degree in Pharmaceutics from Peking Union Medical College (“PUMC”) in 1982. He had been the chief pharmacist of PUMC Hospital (retired in 2013) and the director of Pharmacy Department of PUMC Hospital for years. Mr. Li was a vice president of the Chinese Pharmaceutical Association, the chairman of the Committee of Hospital Pharmacy Branch of Chinese Pharmaceutical Association and the vice chairman of the Chinese Practicing Pharmacist Association. He is currently an advisory member of the Chinese Pharmaceutical Committee.

**Ms. Lu Hong** (魯紅女士), aged 56, joined the Company as an independent non-executive director and a member of the audit committee, the remuneration committee and the nomination committee of the Company in April 2015. Ms. Lu has more than 20 years of experience in accounting, financial management, company secretary and domestic and overseas capital operations fields. She is a member of the Chinese Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants, and has acquired legal professional qualification in China. Ms. Lu has extensive knowledge of PRC and international accounting standards and the listing rules and regulations of both Hong Kong and PRC. She was in charge of or involved in the entire process of the listing of multiple corporations in the PRC, Hong Kong, Singapore and the United States of America and quite a number of foreign and domestic investment and financing operations as well as mergers and acquisitions. She is familiar with financial analysis, budgeting, financial management and tax planning. She also has expertise in dealing with complex financing and taxation matters. Ms. Lu is an independent non-executive director of Xingye Alloy Materials Group Limited, which is listed on the Stock Exchange.

## Directors and Senior Management Profile

**Mr. Zhang Lu Fu (張魯夫先生)**, aged 68, joined the Company as an independent non-executive director and the chairman of the remuneration committee and a member of the nomination committee of the Company in April 2015. He had worked for multiple sectors of the Chinese government since 1987, including the Hong Kong branch of the Xin Hua News Agency (now known as Liaison Office of the Central People's Government in Hong Kong). After 2000, Mr. Zhang had worked for a number of Hong Kong listed companies and charitable organisations on full-time or part-time basis, successively holding positions such as chief representative for affairs in China, China affairs advisor, secretary-general (China affairs) of a foundation, and executive president.

Mr. Zhang has served as the director-general of Friends of Hong Kong Association Ltd since 2008. He was appointed as a member of the Shenzhen Committee of the 4th Chinese People's Political Consultative Conference in 2008 and a council member of the China Overseas Friendship Association in 2013, and served successively as a standing council member of the Shenzhen Overseas Friendship Association and a standing council member of the Guangdong Overseas Friendship Association since 2015. He holds a Master Degree in Philosophy from the Beijing Normal University and was a research associate. He has been hired as a guest professor of the Hong Kong Academy of Management since 2011. Mr. Zhang is an independent non-executive director of Kingboard Laminates Holdings Limited, which is listed on the Stock Exchange.

**Dr. Li Kwok Tung Donald (GBS, CSIJ, JP) (李國棟醫生)**, aged 71, joined the Company as an independent non-executive director and a member of the audit committee and nomination committee of the Company in December 2020. Dr. Li is a specialist in family medicine in private practice in Hong Kong. He is a past president of the World Organisation of Family Doctors (WONCA) and the past president of the Hong Kong Academy of Medicine as well as a censor of the Hong Kong College of Family Physicians.

Dr. Li graduated with a bachelor of arts degree from Cornell University, USA, in 1975 and followed by his study in medicine, he obtained a bachelor of medicine from the University of Hong Kong in 1980. He is a fellow of The Hong Kong College of General Practitioners, fellow of the Hong Kong Academy of Medicine, honorary fellow of the Hong Kong College of Dental Surgeons, honorary fellow of the Royal Australian College of General Practitioners, honorary fellow of the Hong Kong College of Family Physicians, fellow of the Faculty of Public Health of the Royal College of Physicians of the United Kingdom, honorary fellow of the Academy of Family Physicians of Malaysia, registered Mainland China medical practitioner, fellow of the American College of Physicians, honorary fellow of the Royal College of Physicians of Thailand, fellow of the Academy of Medicine, Singapore, honorary fellow of the Royal College of Physicians of Ireland, and honorary fellow of the Royal College of General Practitioners.

Dr. Li is an honorary clinical professor in family medicine of the Chinese University of Hong Kong, honorary professor of Family Medicine in the Faculty of Medicine of the University of Hong Kong, and the honorary professor of Shanghai Medical College of Fudan University. He is the chairman of the Action Committee Against Narcotics, the chairman of Elderly Commission, the member of the Primary Healthcare Commission, the Council Chairman of the Hong Kong St. John Ambulance, the Chairman of Hong Kong Sheng Kung Hui Welfare Council, an honorary steward of the Hong Kong Jockey Club, and the director and honorary advisor of Jiahui Health. He is also an honorary adviser of The Hong Kong Award for Young People, an adviser of Our Hong Kong Foundation, and the chairman of the Professional Committee on Medical Health of Belt & Road General Chamber of Commerce in Hong Kong. Dr. Li was an independent non-executive director of UMP Healthcare Holdings Limited, which is listed on the Stock Exchange.

# Directors and Senior Management Profile

## SENIOR MANAGEMENT

**Ms. Tse, Theresa Y Y (謝其潤女士)** – for biographical details of Ms. Tse, please see the section headed “Directors – Executive Directors”.

**Mr. Tse, Eric S Y (謝承潤先生)** – for biographical details of Mr. Tse, Eric S Y, please see the section headed “Directors – Executive Directors”.

**Mr. Tse Hsin (謝忻先生)** – for biographical details of Mr. Tse Hsin, please see the section headed “Directors – Executive Directors”.

**Mr. Jin Song (靳松先生)**, aged 50, is a vice president, responsible for public affairs and ESG related work. Mr. Jin graduated from China Pharmaceutical University, with a Bachelor degree in pharmaceutical preparations engineering, and holds a master degree in public health administration and international cooperation strategies from Ritsumeikan University, Japan. Before joining the Company in 2021, Mr. Jin was a vice president in a large state-owned enterprise, and had worked in national pharmaceutical regulatory authorities for many years. He has more than 20 years of management experience in the pharmaceutical industry.

# Corporate Information

## LEGAL NAME OF THE COMPANY

Sino Biopharmaceutical Limited

## STOCK CODE

1177

## COMPANY'S WEBSITE

www.sbpgroup.com

## PLACE OF INCORPORATION

Cayman Islands

## DATE OF LISTING ON MAIN BOARD

8 December 2003

## DATE OF LISTING ON GEM BOARD

29 September 2000

## DIRECTORS

### Executive Directors

Ms. Tse, Theresa Y Y (*Chairwoman*)  
Mr. Tse Ping (*Senior Vice Chairman*)  
Ms. Cheng Cheung Ling (*Vice Chairwoman*)  
Mr. Tse, Eric S Y (*Chief Executive Officer*)  
Mr. Tse Hsin  
Mr. Tian Zhoushan

### Independent Non-executive Directors

Mr. Lu Zhengfei  
Mr. Li Dakui  
Ms. Lu Hong  
Mr. Zhang Lu Fu  
Dr. Li Kwok Tung Donald

### Executive Board Committee

Ms. Tse, Theresa Y Y (*Chairwoman*)  
Mr. Tse Ping  
Ms. Cheng Cheung Ling  
Mr. Tse, Eric S Y  
Mr. Tse Hsin

## AUDIT COMMITTEE

Mr. Lu Zhengfei (*Chairman*)  
Mr. Li Dakui  
Ms. Lu Hong  
Dr. Li Kwok Tung Donald

## REMUNERATION COMMITTEE

Mr. Zhang Lu Fu (*Chairman*)  
Mr. Lu Zhengfei  
Ms. Lu Hong

## NOMINATION COMMITTEE

Ms. Tse, Theresa Y Y (*Chairwoman*)  
Mr. Tse Ping  
Mr. Lu Zhengfei  
Ms. Lu Hong  
Mr. Zhang Lu Fu  
Dr. Li Kwok Tung Donald

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. Cheng Cheung Ling (*Chairwoman*)  
Ms. Tse, Theresa Y Y  
Dr. Li Kwok Tung Donald

## COMPANY SECRETARY

Mr. Chan Oi Nin Derek (*resigned on 13 January 2026*)  
Ms. Lai Kuen (*appointed on 13 January 2026*)

## AUTHORISED REPRESENTATIVES

Mr. Tse Ping  
Mr. Chan Oi Nin Derek (*resigned on 13 January 2026*)  
Ms. Lai Kuen (*appointed on 13 January 2026*)

## AUTHORISED PERSON TO ACCEPT SERVICES OF PROCESS AND NOTICES

Ms. Tse Wun

# Corporate Information

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

Agricultural Bank of China, Lianyungang Branch  
No. 43 North Tong-guan Road, Xinpu  
Lianyungang  
Jiangsu Province  
PRC

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586, Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 09, 41st Floor, Office Tower  
Convention Plaza  
1 Harbour Road, Wanchai  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE CHINESE MAINLAND

45/F, North Tower of CP Center  
10 Guanghua Road  
Chaoyang District  
Beijing  
PRC

## LEGAL ADVISERS

Sidley Austin  
39/F, Two International Finance Centre  
Central  
Hong Kong

Navigator Law Office  
Room 1118, Tower 2, Bright China Chang An Building  
No.7, Jianguomennei Avenue, Dong Cheng District  
Beijing  
PRC

## AUDITORS

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
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Hong Kong

## INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited  
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# Independent Auditor's Report



Ernst & Young  
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## To the shareholders of Sino Biopharmaceutical Limited (Incorporated in the Cayman Islands with limited liability)

### Opinion

We have audited the consolidated financial statements of Sino Biopharmaceutical Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 70 to 162, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) as issued by the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

# Independent Auditor's Report

## Key audit matters (continued)

### Key audit matter

#### *Fair value measurement for Level 3 investments*

The Group's unlisted investments are accounted for as financial assets at fair value through profit or loss ("FVTPL") or designated as financial assets at fair value through other comprehensive income in accordance with HKFRS 9 "Financial Instruments". As at 31 December 2025, the fair values of these investments were RMB2,109 million and RMB8,888 million, respectively (2024: RMB4,439 million and RMB10,899 million, respectively). The determination of the fair values of these unlisted investments involves significant judgements and estimates made by management. Therefore, we identified the fair value measurement for Level 3 investments as a key audit matter.

The Group's related disclosures are included in note 2.4 *Material Accounting Policies – Investments and other financial assets*, note 3 *Significant Accounting Judgements and Estimates*, note 21 *Equity investments designated at fair value through other comprehensive income*, note 22 *Financial assets at fair value through profit or loss* and note 42 *Fair value and fair value hierarchy of financial instruments* to the financial statements.

### How our audit addressed the key audit matter

Our procedures in relation to the fair value measurement for Level 3 investments included:

- Obtaining an understanding of the key controls over the fair value measurements and evaluating the design and implementation of these controls;
- Evaluating the objectivity, independence and competence of the external appraisers who assisted the management in assessing the fair values;
- Evaluating the reasonableness in the key inputs in the valuation models by checking the supporting documents;
- Involving our internal valuation specialists to review the valuation methodologies and inputs adopted by the appraisers in certain Level 3 investments; and
- Evaluating the adequacy of disclosures of Level 3 fair value measurement.

# Independent Auditor's Report

## Key audit matters (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### ***Acquisition and impairment assessment of goodwill***

During the year ended 31 December 2025, the Group completed the acquisition of a 100% equity interest in LaNova Medicines Limited (“LaNova”) for a total consideration comprising an aggregate of cash consideration of approximately RMB6,782 million plus the fair value of approximately RMB305 million attributed to its pre-existing 4.91% equity interest in LaNova as of the acquisition date. The accounting for the acquisition involved significant judgement by management for the purchase price allocation mainly in relation to the valuation of intangible assets and the remaining goodwill balance. The Group engaged an external independent appraiser to perform the valuation.

The carrying amount of goodwill in relation to the acquisition of LaNova was approximately RMB2,603 million as at 31 December 2025. The Group is required to perform an impairment test for goodwill annually and to assess whether there are any indications of impairment of at each reporting period end. The impairment test is based on the recoverable value of each of the cash-generating units (“CGUs”) or group of CGUs to which the goodwill is assigned to. Management’s assessment process was complex and involved significant judgement, including the degree of subjectivity of expected future cash flow forecasts, associated growth rates and discount rate applied.

Information about the acquisition and goodwill is disclosed in note 3 *Significant Accounting Judgements and Estimates*, note 18 *Goodwill* and note 37 *Business combination* to the financial statements.

Our procedures in relation to the acquisition and impairment assessment of goodwill included:

- Obtaining an understanding of the key controls over the acquisition and impairment assessment of goodwill and evaluating the design and implementation of these controls;
- Evaluating the objectivity, independence and competence of the external appraisers engaged by the Group to perform the valuation;
- Assessing the reasonableness of management’s future forecasted cash flows and key assumptions including the estimated revenue growth rate by comparing to the Group’s historical financial performance, development plan, budget and financial projections and analysis on the industry;
- Involving our internal valuation specialists to review the valuation methodologies and inputs adopted by the appraisers; and
- Evaluating the adequacy of disclosures of business combination and goodwill.

# Independent Auditor's Report

## Other information included in the Annual Report

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

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

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

## Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

# Independent Auditor's Report

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

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

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

# Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Siu Fung, Terence (practising certificate number: P04202).

### **Ernst & Young**

*Certified Public Accountants*  
27th Floor, One Taikoo Place  
979 King's Road,  
Quarry Bay, Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	5	<b>31,834,488</b>	28,866,159
Cost of sales		(5,707,740)	(5,336,218)
Gross profit		<b>26,126,748</b>	23,529,941
Other income	5	<b>2,015,449</b>	1,207,037
Other losses, net	6	<b>(1,495,308)</b>	(1,184,526)
Selling and distribution costs		<b>(10,993,276)</b>	(10,077,966)
Administrative expenses		<b>(2,143,529)</b>	(2,081,510)
Research and development costs		<b>(5,866,243)</b>	(5,089,203)
Other expenses		<b>(904,347)</b>	(1,112,453)
Finance income	8	<b>633,592</b>	499,564
Finance costs	9	<b>(278,314)</b>	(295,117)
Net finance income		<b>355,278</b>	204,447
Share of profits and losses of associates and joint ventures		<b>(151,376)</b>	(118,299)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	7	<b>6,943,396</b>	5,277,468
Income tax expense	12	<b>(1,628,867)</b>	(492,918)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>5,314,529</b>	4,784,550
<b>DISCONTINUED OPERATIONS</b>			
Profit for the year from discontinued operations		-	1,580,132
<b>PROFIT FOR THE YEAR</b>		<b>5,314,529</b>	6,364,682
Profit attributable to:			
Owners of the parent			
Profit from continuing operations for the year		<b>2,343,348</b>	1,920,117
Profit from discontinued operations for the year		-	1,579,717
Profit attributable to owners of the parent for the year		<b>2,343,348</b>	3,499,834
Non-controlling interests			
Profit from continuing operations for the year		<b>2,971,181</b>	2,864,433
Profit from discontinued operations for the year		-	415
Profit attributable to non-controlling interests for the year		<b>2,971,181</b>	2,864,848
		<b>5,314,529</b>	6,364,682
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	14		
Basic			
- For profit for the year		<b>RMB13.02 cents</b>	RMB19.13 cents
- For profit from continuing operations		<b>RMB13.02 cents</b>	RMB10.50 cents
Diluted			
- For profit for the year		<b>RMB12.98 cents</b>	RMB19.13 cents
- For profit from continuing operations		<b>RMB12.98 cents</b>	RMB10.49 cents

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>PROFIT FOR THE YEAR</b>	<b>5,314,529</b>	6,364,682
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Net (loss)/gain on hedge of net investment	<b>(185,835)</b>	170,227
Exchange differences on translation of foreign operations	<b>(568,711)</b>	145,131
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<b>(754,546)</b>	315,358
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<b>(1,018,896)</b>	(65,309)
Income tax effect	-	-
	<b>(1,018,896)</b>	(65,309)
Share of other comprehensive income/(loss) of associates and joint ventures	<b>24,975</b>	(44,959)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>(993,921)</b>	(110,268)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>(1,748,467)</b>	205,090
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>3,566,062</b>	6,569,772
Attributable to:		
Owners of the parent	<b>594,881</b>	3,707,747
Non-controlling interests	<b>2,971,181</b>	2,862,025
	<b>3,566,062</b>	6,569,772

# Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	8,699,735	8,691,382
Investment properties	16	231,666	269,030
Right-of-use assets	17(a)	1,533,670	1,596,774
Goodwill	18	3,496,187	915,689
Intangible assets	19	3,555,971	2,145,277
Investments in associates and joint ventures	20	1,637,117	1,620,085
Equity investments designated at fair value through other comprehensive income	21	9,470,879	10,911,529
Financial assets at fair value through profit or loss	22	2,109,090	4,439,113
Bank deposit	27	10,248,000	9,365,805
Deferred tax assets	32	506,585	516,288
Prepayments and other assets	26	55,847	251,766
Total non-current assets		41,544,747	40,722,738
<b>CURRENT ASSETS</b>			
Inventories	24	2,256,663	2,373,145
Trade and bills receivables	25	6,263,587	4,967,560
Prepayments, other receivables and other assets	26	3,021,784	2,451,744
Amounts due from related companies	40	376,400	295,610
Equity investments designated at fair value through profit or loss	23	219,232	76,859
Financial assets at fair value through profit or loss	22	10,146,679	4,950,829
Cash and bank balances	27	12,180,729	9,569,584
Total current assets		34,465,074	24,685,331
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	28	1,497,288	1,497,461
Tax payable		696,154	318,198
Other payables and accruals	29	14,523,669	10,028,415
Interest-bearing bank borrowings	30	8,395,435	7,585,825
Amounts due to related companies	40	47,019	73,295
Lease liabilities	17(b)	23,287	28,333
Contingent consideration		16,717	8,720
Convertible bonds – debt component		–	16,243
Total current liabilities		25,199,569	19,556,490
<b>NET CURRENT ASSETS</b>		<b>9,265,505</b>	<b>5,128,841</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>50,810,252</b>	<b>45,851,579</b>

# Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred government grants	31	621,875	557,916
Interest-bearing bank borrowings	30	7,583,979	1,996,752
Lease liabilities	17(b)	67,310	83,393
Contingent consideration		164,759	201,895
Deferred tax liabilities	32	286,402	237,553
Total non-current liabilities		8,724,325	3,077,509
Net assets		42,085,927	42,774,070
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	33	413,669	414,384
Treasury shares	33	(2,951,211)	(2,974,787)
Reserves	35	33,208,500	34,521,192
		30,670,958	31,960,789
Non-controlling interests	36	11,414,969	10,813,281
Total equity		42,085,927	42,774,070

**Tse, Theresa Y Y**  
*Director*

**Tse, Eric S Y**  
*Director*

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Notes	Attributable to owners of the parent												Total equity RMB'000
	Share capital RMB'000 (Note 33)	Share premium RMB'000	Treasury shares RMB'000	Capital reserve <sup>†</sup> RMB'000	Asset revaluation reserve <sup>†</sup> RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income <sup>†</sup> RMB'000	Contributed surplus <sup>†</sup> RMB'000	Reserve funds <sup>†</sup> RMB'000 (Note 35)	Exchange fluctuation reserve <sup>†</sup> RMB'000	Retained profits <sup>†</sup> RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025	414,384	12,397,931	(2,974,787)	(9,277,617)	28,176	147,615	22,691	6,517,905	(596,069)	25,280,560	31,960,789	10,813,281	42,774,070
Profit for the year	-	-	-	-	-	-	-	-	-	2,343,348	2,343,348	2,971,181	5,314,529
Other comprehensive income for the year:													
Fair value changes of financial assets	-	-	-	-	-	(1,018,896)	-	-	-	-	(1,018,896)	-	(1,018,896)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	(294,829)	-	-	-	294,829	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	-	(754,546)	-	-	(754,546)	-	(754,546)
Exchange differences related to associates and joint ventures	-	-	-	-	-	-	-	-	24,975	-	24,975	-	24,975
Total comprehensive income for the year	-	-	-	-	-	(1,313,725)	-	-	(729,571)	2,638,177	594,881	2,971,181	3,566,062
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(2,291,579)	(2,291,579)
Acquisitions of non-controlling interests	-	-	-	(381,102)	-	-	-	-	-	-	(381,102)	(102,301)	(483,403)
Recognition of share-based payments	34	-	-	109,039	-	-	-	-	-	-	109,039	6,927	115,966
Exercise of restricted shares	33	-	-	46,398	(46,398)	-	-	-	-	-	-	-	-
Repurchase of shares for cancellation	33	-	-	(87,178)	-	-	-	-	-	-	(87,178)	-	(87,178)
Repurchase of shares under share award scheme	33	-	-	(22,822)	-	-	-	-	-	-	(22,822)	-	(22,822)
Cancellation of treasury shares	33	(715)	(86,463)	87,178	-	-	-	-	-	-	-	-	-
Final 2024 dividend declared	-	-	-	-	-	-	-	-	-	(667,011)	(667,011)	-	(667,011)
Interim 2025 dividend	13	-	-	-	-	-	-	-	-	(835,638)	(835,638)	-	(835,638)
Transfer from retained profits	-	-	-	-	-	-	-	1,462,744	-	(1,462,744)	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	17,460	17,460
At 31 December 2025	413,669	12,311,468	(2,951,211)	(9,596,078)	28,176	(1,166,110)	22,691	7,980,649	(1,325,640)	24,953,344	30,670,958	11,414,969	42,085,927

\* These reserve accounts comprise the consolidated reserves of approximately RMB33,208,500,000 (2024: approximately RMB34,521,192,000) in the consolidated statement of financial position.

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Attributable to owners of the parent													
Notes	Share capital RMB'000 (Note 33)	Share premium account <sup>a</sup> RMB'000	Treasury shares RMB'000	Capital reserve <sup>a</sup> RMB'000	Asset revaluation reserve <sup>a</sup> RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income <sup>a</sup> RMB'000	Contributed surplus <sup>a</sup> RMB'000	Reserve funds <sup>a</sup> RMB'000 (Note 35)	Exchange fluctuation reserve <sup>a</sup> RMB'000	Retained profits <sup>a</sup> RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	414,615	12,420,308	(1,769,723)	(9,295,363)	28,176	187,972	22,691	5,686,141	(869,291)	23,648,943	30,474,469	7,695,484	38,169,953
Profit for the year	-	-	-	-	-	-	-	-	-	3,499,834	3,499,834	2,864,848	6,364,682
Other comprehensive income for the year:													
Fair value changes of financial assets	-	-	-	-	-	(65,309)	-	-	-	-	(65,309)	-	(65,309)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	24,952	-	-	-	(24,952)	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	318,181	-	318,181	(2,823)	315,358
Exchange differences related to associates and joint ventures	-	-	-	-	-	-	-	-	(44,959)	-	(44,959)	-	(44,959)
Total comprehensive income for the year	-	-	-	-	-	(40,357)	-	-	273,222	3,474,882	3,707,747	2,862,025	6,569,772
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(368,527)	(368,527)
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	605,741	605,741
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(49,982)	(49,982)
Deemed disposal of an associate	-	-	-	(11,447)	-	-	-	-	-	-	(11,447)	-	(11,447)
Recognition of share-based payments	34	-	-	53,721	-	-	-	-	-	-	53,721	679	54,400
Exercise of restricted shares	-	-	24,528	(24,528)	-	-	-	-	-	-	-	-	-
Repurchase of shares for cancellation	-	-	(22,608)	-	-	-	-	-	-	-	(22,608)	-	(22,608)
Repurchase of shares under share award scheme	-	-	(1,229,592)	-	-	-	-	-	-	-	(1,229,592)	-	(1,229,592)
Cancellation of treasury shares	(231)	(22,377)	22,608	-	-	-	-	-	-	-	-	-	-
Final 2023 dividend declared	-	-	-	-	-	-	-	-	-	(505,636)	(505,636)	-	(505,636)
Interim 2024 dividend	13	-	-	-	-	-	-	-	-	(505,865)	(505,865)	-	(505,865)
Transfer from retained profits	-	-	-	-	-	-	-	831,764	-	(831,764)	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	67,861	67,861
At 31 December 2024	414,384	12,397,931	(2,974,787)	(9,277,617)	28,176	147,615	22,691	6,517,905	(596,069)	25,280,560	31,960,789	10,813,281	42,774,070

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:			
From continuing operations		6,943,396	5,277,468
From discontinued operations		–	1,716,907
Adjustments for:			
Finance costs		278,314	295,119
Share of profits and losses of associates and joint ventures	20	151,376	118,299
Bank interest income		(633,592)	(499,780)
Investment income		(219,643)	(96,873)
Dividend income from equity investments at fair value through other comprehensive income	5	(1,518,749)	(753,428)
Depreciation of property, plant and equipment	15	918,256	1,034,330
Depreciation of investment properties	16	27,901	28,338
Depreciation of right-of-use assets	17	77,589	83,918
Amortisation of intangible assets	19	187,837	174,595
Gain on disposal of items of property, plant and equipment, net	6	(10,441)	(40,901)
Gain on disposal of subsidiaries	6	(729)	(1,784,918)
Loss on deemed disposal of an associate	6	–	578,826
Recognition of share-based payments	7	115,966	53,721
Fair value (gains)/losses, net:			
Equity investments designated at fair value through profit or loss	6	(64,633)	9,202
Financial assets at fair value through profit or loss	6	(58,372)	(20,432)
Financial assets designated at fair value through profit or loss (non-current)	6	1,670,964	588,898
Contingent consideration	6	(20,423)	68,091
Gain on termination of right-of-use assets	6	(2)	(47,256)
Impairment of investment in an associate	7	–	326,979
Impairment of trade and bills receivables	7	16,190	12,786
Impairment of prepayments, other receivables and other assets	7	338,169	86,627
Impairment of intangible assets	7	71,916	286,811
Impairment of goodwill	7	–	18,619
		<b>8,271,290</b>	7,515,946
Decrease/(increase) in inventories		116,482	(273,063)
Decrease/(increase) in trade and bills receivables		615,188	(413,989)
(Increase)/decrease in prepayments, other receivables and other assets		(87,763)	81,242
Increase in amounts due from related companies		(80,790)	(107,000)
(Decrease)/increase in trade and bills payables		(701,915)	130,111
Increase in other payables and accruals		2,725,625	716,114
Decrease in amounts due to related companies		(26,276)	(62,835)
Increase in deferred government grants		63,947	29,259
Cash generated from operations		<b>10,895,788</b>	7,615,785
Profits tax paid		(1,603,967)	(1,000,665)
Net cash flows from operating activities		<b>9,291,821</b>	6,615,120

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		633,592	499,780
Investment income received		219,643	96,873
Dividends received from investments		1,518,749	753,428
Dividends received from an associate		2,319	676,350
Purchases of items of property, plant and equipment		(1,238,770)	(960,102)
Purchases of equity investments designated at fair value through other comprehensive income		(131,416)	(4,380)
Proceeds from disposal of an equity investment designated at fair value through other comprehensive income		301,537	205,871
Net cash (outflow)/inflow for acquisition of subsidiaries		(5,022,215)	2,658
Net cash outflow for acquisition of non-controlling interests		(483,403)	-
Increase in wealth management products recorded in financial assets at fair value through profit or loss		(5,260,037)	(1,985,077)
(Increase)/decrease in wealth management products recorded in other receivables		(194,189)	1,332,618
Increase in equity investments designated at fair value through profit or loss		(82,391)	(21,222)
Proceeds from disposal of items of property, plant and equipment		48,732	70,852
Additions to intangible assets		(464,159)	(434,058)
Addition of associates		(145,400)	-
Investment in financial assets designated at fair value through profit or loss		(123,207)	(191,081)
Placement of time deposits with original maturity of more than three months		(2,339,968)	(3,240,975)
Proceeds from disposal of financial assets designated at fair value through profit or loss		-	84,992
Proceeds from disposal of subsidiaries		346,825	1,404,347
Net cash flows used in investing activities		(12,413,758)	(1,709,126)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share-based payment		-	150,674
New bank loans		13,600,738	11,695,985
Repurchase of convertible bonds		(15,630)	-
Repayment of bank loans		(7,201,660)	(14,431,043)
Dividends paid		(1,502,649)	(1,846,381)
Interest paid		(273,912)	(287,246)
Payment of lease liabilities	17	(39,904)	(44,209)
Dividends paid to non-controlling shareholders		(317,205)	(368,527)
Repurchase of shares		(110,000)	(1,252,200)
Contribution from non-controlling shareholders		17,460	67,861
Net cash flows from/(used in) financing activities		4,157,238	(6,315,086)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		1,035,301	(1,409,092)
Cash and cash equivalents at beginning of year		6,231,523	7,505,098
Effect of foreign exchange rate changes, net		118,071	135,517
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>7,384,895</b>	<b>6,231,523</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances, unrestricted	27	4,616,897	2,848,231
Time deposits with original maturity of less than three months when acquired	27	2,767,998	3,383,292
Cash and cash equivalents as stated in the statement of cash flows		7,384,895	6,231,523

# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Sino Biopharmaceutical Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 2 February 2000 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on The Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 September 2000. Upon approval by the Stock Exchange, the Company’s shares were withdrawn from the GEM and were listed on the Main Board on 8 December 2003.

The head office and principal place of business of the Company in Hong Kong is located at Unit 9, 41<sup>st</sup> Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (the “Group”) continued to be principally engaged in the research and development, production and sale of a series of pharmaceutical products.

### Information about subsidiaries

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

Company name	Place of incorporation/registration and business	Issued ordinary/registered paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chia Tai-Tianqing Pharmaceutical Group Co., Ltd. (“CT Tianqing”)*	People’s Republic of China (“PRC”)/the Chinese mainland*	RMB890,000,000	-	60.0	R&D, manufacture and distribution of pharmaceutical products
Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. (“NJCT”)*	PRC/the Chinese mainland*	RMB336,031,726	-	55.6	R&D, manufacture and distribution of pharmaceutical products
Nanjing Shunxin Pharmaceutical Co., Ltd. (“Nanjing Shunxin”)*	PRC/the Chinese mainland*	RMB500,000,000	-	60.0	R&D, manufacture and distribution of pharmaceutical products
Lianyungang Runzhong Pharmaceutical Co., Ltd. (“LYG Runzhong”)*	PRC/the Chinese mainland*	RMB103,528,805	-	60.0	R&D, manufacture and distribution of pharmaceutical products
Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. (“Jiangsu Qingjiang”)*	PRC/the Chinese mainland*	RMB180,000,000	-	55.6	R&D, manufacture and distribution of pharmaceutical products
Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. (“Jiangsu Fenghai”)*	PRC/the Chinese mainland*	US\$29,607,377	-	60.9	R&D, manufacture and distribution of pharmaceutical products
Beijing Tide Pharmaceutical Co., Ltd. (“Beijing Tide”)*	PRC/the Chinese mainland*	RMB500,000,000	-	57.6	R&D, manufacture and distribution of pharmaceutical products

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

## 1. CORPORATE AND GROUP INFORMATION (continued)

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

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income/profit or loss, financial assets at fair value through profit or loss, certain bills receivable measured at fair value through other comprehensive income, contingent consideration liabilities and embedded derivative components of convertible bonds which have been measured at fair value. Disposal company held for sale is stated at the lower of its carrying amount and fair value less cost to sell as further explained in note 2.4. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

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

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

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

# Notes to Financial Statements

31 December 2025

## 2.1 BASIS OF PREPARATION (continued)

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

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

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

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

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

# Notes to Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES

### Investments in associates and joint ventures

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

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

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

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

### Business combinations and goodwill

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Business combinations and goodwill (continued)

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

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

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

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

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

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

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

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

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Fair value measurement

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

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

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

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

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

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of non-financial assets

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

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

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

### Related parties

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

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

or

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is joint ventures 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); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property, plant and equipment and depreciation

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Property, plant and equipment and depreciation (continued)

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

Buildings	4% to 6%
Leasehold improvements	5% to 20%
Plant and machinery	5% to 18%
Motor vehicles	9% to 24%
Furniture and fixtures	9% to 32%

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

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

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

### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

When an entity uses the cost model, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and the cost of that property for measurement or disclosure purposes.

# Notes to Financial Statements

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### **Intangible assets (other than goodwill)**

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

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

#### *Trademarks*

Trademarks with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 4 to 10 years.

#### *Customer relationship*

Customer relationship with finite useful lives is measured initially at cost and is amortised on the straight-line basis over the respective estimated useful lives of 4 to 10 years.

#### *Patents and licences*

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of not exceeding 10 years.

#### *Research and development costs*

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases

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

#### *Group as a lessee*

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

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

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

Leasehold land	40 to 50 years
Properties	Over 1 year but less than 10 years

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

#### (b) *Lease liabilities*

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

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

The Group's lease liabilities are presented in a separate line on the consolidated statements of financial position.

# Notes to Financial Statements

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases (continued)

#### *Group as a lessee (continued)*

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

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in the statement of profit or loss due to its operating nature.

### Investments and other financial assets

#### *Initial recognition and measurement*

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### *Initial recognition and measurement (continued)*

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

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

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

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

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

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

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

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

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

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### *Subsequent measurement (continued)*

#### *Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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

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

### Derecognition of financial assets

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

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets

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

#### *General approach*

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are one year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group’s credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

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

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### *General approach (continued)*

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

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

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, amounts due to related companies, interest-bearing bank borrowings and contingent consideration.

#### *Subsequent measurement*

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Financial liabilities (continued)

#### *Subsequent measurement (continued)*

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include contingent consideration which is designated upon initial recognition as at fair value through profit or loss.

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

#### *Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, amounts due to related companies and borrowings)*

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

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

### Derecognition of financial liabilities

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

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

### Offsetting of financial instruments

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

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Treasury shares

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

### Inventories

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

### Cash and cash equivalents

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

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

### Provisions

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

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Income tax

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

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

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

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

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

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

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

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

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

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Income tax (continued)

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

### Government grants

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

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

### Revenue recognition

#### *Revenue from contracts with customers*

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

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

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

#### *Sale of products*

Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products.

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### *Other income*

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

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

### Contract liabilities

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

### Share-based payments

The Company operates share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments "equity-settled transaction"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the market approach.

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

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

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

# Notes to Financial Statements

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## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Share-based payments (continued)

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

### Other employee benefits

#### *Pension schemes*

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

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

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for the years ended 31 December 2025 and 2024.

### Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Dividends

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

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is Hong Kong dollar, while the functional currency of the subsidiaries in the Chinese mainland is RMB. The directors of the Company believe the consolidated financial statements of the Group presented in RMB will provide shareholders with a more accurate reflection of the Group's underlying financial performance and position because the Group's revenues, profits and cash flows are primarily generated in RMB and are expected to remain principally denominated in RMB in the future.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

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

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

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

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

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Foreign currencies (continued)

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgements

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

#### *Research and development expenses*

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project, and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalized requires the use of judgments and estimation. More details are given in note 19.

#### *Recognition of deferred tax assets*

The Group recognised deferred tax assets which resulted from the deductible temporary differences of subsidiaries. The Group recognised deferred tax assets to the extent that it is probable that the subsidiaries will have sufficient taxable profit relating to the same taxation authority and the same taxable entity against which the deductible temporary differences can be utilised. More details are given in note 32.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### **Estimation uncertainty**

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

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in note 18.

#### *Assessment of useful lives of deferred development costs*

In assessing the estimated useful lives of deferred development costs, the Group takes into account factors such as the expected life span of the underlying pharmaceutical products based on past experience or from a change in the market demand for the products. The estimation of the useful lives is based on the experience of management.

#### *Fair value measurement for Level 3 investments*

The Group made unlisted investments in a wide variety of companies and those investments are accounted for as financial assets at fair value through profit or loss or designated as financial assets at fair value through other comprehensive income. The fair values of those investments are determined using valuation techniques and the Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 42. Should any of the estimates and assumptions changed, it may lead to a material change in the respective fair values of these financial assets.

### 4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Group's business activities, for which discrete financial statements are available, are reviewed and evaluated by CODM. CODM, who is responsible for allocating resources and regularly assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions.

In the current year, CODM has reorganized the structure of internal reporting in a manner that causes the composition of the Group's reportable operating segment to change. In order to provide more relevant accounting information in the financial report that is reflective of the current business management structure of the Group, the Company has decided to adjust the presentation of its operating segments.

# Notes to Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (continued)

Before the change in segment reporting, the Group had three business segments, including modernised Chinese medicines and chemical medicines, investment and others. After the reorganization, the Group has one reportable operating segment as the CODM monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. This change does not affect the financial statement information disclosures and presentation, and it only affects the presentation of segment year's reporting. Prior year segment disclosures have been re-presented to conform with the current year's presentation.

Given after the change, there is only one reportable segment, so no operating segment information was presented.

### Geographical information

Since over 90% of the Group's revenue were generated from the sale of pharmaceutical products in the Chinese mainland and most of the Group's identifiable operating assets and liabilities were located in the Chinese mainland, no geographical segment information in accordance with HKFRS 8 Operating Segments is presented.

### Information about a major customer

No information about major customers is presented as no single customer contributed to over 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

## 5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sale of products	31,249,969	28,160,673
Revenue from other sources	584,519	705,486
Total revenue	31,834,488	28,866,159

## 5. REVENUE AND OTHER INCOME (continued)

### Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2025 RMB'000	2024 RMB'000
<b>Types of goods or services</b>		
Sale of products	31,249,969	28,160,673
Revenue from other sources	584,519	705,486
Total revenue from contracts with customers	<b>31,834,488</b>	28,866,159
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	31,313,830	28,319,605
Services transferred over time	520,658	546,554
Total revenue from contracts with customers	<b>31,834,488</b>	28,866,159

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	226,849	235,900
Revenue from other sources	26,392	46,704
Total	<b>253,241</b>	282,604

(b) *Performance obligations*

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

#### **Sale of products**

The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 days upon delivery.

# Notes to Financial Statements

31 December 2025

## 5. REVENUE AND OTHER INCOME (continued)

### Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

#### Revenue from other sources

The performance obligation is satisfied at the point in time upon acceptance of a good or a service, or it is satisfied over time as the customer simultaneously receives and consumes the benefits of the Group's services rendered. The payment is generally made before goods or services are provided, or upon monthly settlements.

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Dividend income	1,518,749	753,428
Government grants*	114,402	139,857
Sale of materials	4,502	29,712
Investment income	219,643	94,180
Rental income	11,442	7,054
Others	146,711	182,806
Total other income	<b>2,015,449</b>	1,207,037

\* The government grants related to income have been received from the local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled conditions relating to these government grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred government grants in the statement of financial position.

The government grants related to assets have been received for the investments in long-term assets in production bases. The grants related to assets were recognised in profit or loss over the remaining useful lives of relevant assets.

## 6. OTHER LOSSES, NET

	2025 RMB'000	2024 RMB'000
Gain on disposal of items of property, plant and equipment	10,441	40,901
Loss on deemed disposal of an associate	-	(578,826)
Gain on disposal of subsidiaries	729	75,314
Foreign exchange gains/(losses), net	21,056	(123,412)
Fair value gains/(losses), net:		
Equity investments designated at fair value through profit or loss	64,633	(9,202)
Financial assets at fair value through profit or loss	58,372	20,432
Financial assets at fair value through profit or loss (non-current)*	(1,670,964)	(588,898)
Contingent consideration	20,423	(68,091)
Gain on termination of right-of-use assets	2	47,256
Total other losses, net	<b>(1,495,308)</b>	(1,184,526)

\* Fair value losses of financial assets at fair value through profit or loss (non-current) in current year was mainly due to significant decline in fair value of unlisted investments.

# Notes to Financial Statements

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## 7. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold and services provided		5,707,740	5,336,218
Depreciation of property, plant and equipment	15	918,256	1,034,330
Depreciation of investment properties	16	27,901	28,338
Depreciation of right-of-use assets	17	77,589	83,918
Amortisation of intangible assets	19	187,837	174,595
Research and development costs		5,866,243	5,089,203
Gain on disposal of items of property, plant and equipment	6	(10,441)	(40,901)
Loss on deemed disposal of an associate	6	-	578,826
Gain on disposal of subsidiaries	6	(729)	(75,314)
Gain on termination of right-of-use assets	6	(2)	(47,256)
Bank interest income	8	(633,592)	(499,564)
Dividend income	5	(1,518,749)	(753,428)
Investment income	5	(219,643)	(94,180)
Fair value (gains)/losses, net:	6		
Equity investments designated at fair value through profit or loss		(64,633)	9,202
Financial assets at fair value through profit or loss		(58,372)	(20,432)
Financial assets at fair value through profit or loss (non-current)		1,670,964	588,898
Contingent consideration		(20,423)	68,091
Minimum lease payments under operating leases:			
Lease payments not included in the measurement of lease liabilities	17	333,290	270,391
Auditor's remuneration		6,000	6,000
Employee benefit expense (including directors' remuneration (note 10) in selling and distribution costs and administrative expenses:			
Wages and salaries		3,652,087	3,618,852
Pension scheme contributions		898,703	997,986
Equity settled share-based payments		115,966	53,721
		<b>4,666,756</b>	<b>4,670,559</b>
Accrual of impairment loss of trade receivables*	25	16,190	12,786
Impairment loss of other receivables*	26	338,169	86,627
Impairment of investment in an associate*	20	-	326,979
Impairment of intangible assets*	19	71,916	286,811
Impairment of goodwill*	18	-	18,619
Foreign exchange differences, net	6	(21,056)	123,412

\* The impairment of trade receivables and other receivables, impairment of investment in an associate, impairment of intangible assets and impairment of goodwill were included in "Other expenses" in the consolidated statement of profit or loss.

# Notes to Financial Statements

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## 8. FINANCE INCOME

An analysis of finance income from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Bank interest income	633,592	499,564

## 9. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	273,912	287,244
Interest on convertible bonds	45	357
Interest on lease liabilities	4,357	7,516
Total	278,314	295,117

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

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

	2025 RMB'000	2024 RMB'000
Fees	1,881	1,883
Other emoluments:		
Salaries, allowances and benefits in kind	95,412	95,931
Pension scheme contributions	191	187
Discretionary bonuses	96,515	107,313
Subtotal	192,118	203,431
Total fees and other emoluments	193,999	205,314

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

### (a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Mr. Lu Zhengfei	383	384
Mr. Li Dakui	383	384
Ms. Lu Hong	349	349
Mr. Zhang Lufu	383	383
Dr. Li Kwok Tung Donald	383	383
<b>Total</b>	<b>1,881</b>	<b>1,883</b>

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

### (b) Executive directors and the chief executive

#### 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme benefits RMB'000	Total remuneration RMB'000
Executive directors and chief executive officer:					
Ms. Tse, Theresa Y Y	-	23,014	13,830	17	36,861
Mr. Tse Ping	-	22,773	22,128	-	44,901
Ms. Cheng Cheung Ling	-	22,773	16,596	17	39,386
Mr. Tse, Eric S Y (chief executive officer)	-	23,013	41,490	17	64,520
Mr. Tse Hsin	-	2,099	2,471	17	4,587
Mr. Tian Zhoushan	-	1,740	-	123	1,863
<b>Total</b>	<b>-</b>	<b>95,412</b>	<b>96,515</b>	<b>191</b>	<b>192,118</b>

# Notes to Financial Statements

31 December 2025

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

### (b) Executive directors and the chief executive (continued)

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme benefits RMB'000	Total remuneration RMB'000
Executive directors and chief executive officer:					
Ms. Tse, Theresa Y Y	-	23,019	27,667	17	50,703
Mr. Tse Ping	-	22,780	27,667	-	50,447
Ms. Cheng Cheung Ling	-	22,780	21,212	17	44,009
Mr. Tse, Eric S Y (chief executive officer)	-	23,019	27,668	17	50,704
Mr. Tse Hsin	-	2,099	3,099	16	5,214
Mr. Tian Zhoushan	-	1,740	-	120	1,860
Ms. Li Mingqin (resigned on 5 June 2024)	-	494	-	-	494
<b>Total</b>	<b>-</b>	<b>95,931</b>	<b>107,313</b>	<b>187</b>	<b>203,431</b>

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

## 11. FIVE HIGHEST PAID EMPLOYEES

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

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,210	7,940
Pension scheme contributions	34	453
Discretionary bonuses	120	3,432
Share based payment	5,768	-
<b>Total</b>	<b>8,132</b>	<b>11,825</b>

# Notes to Financial Statements

31 December 2025

## 11. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	2025 No. of employees	2024 No. of employees
HK\$8,500,001 to HK\$9,000,000	1	–
HK\$12,500,001 to HK\$13,000,000	–	1

## 12. INCOME TAX

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current – the Chinese mainland	1,750,947	981,751
Deferred tax (note 32)	(122,080)	(488,833)
Total tax charge for the year from continuing operations	1,628,867	492,918
Total tax charge for the year from discontinued operations	–	136,775
Total	1,628,867	629,693

The Company incorporated in the Cayman Islands is not subject to tax on income or capital gains under the law of the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The subsidiaries incorporated in the British Virgin Islands (the “BVI”) are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiary incorporated in the United Kingdom (“UK”) is subject to UK Corporate Income Tax at a rate of 25% (2024: 25%) on the estimated assessable profits arising in the UK.

Belgium profits tax has been provided at a rate of 25% (2024: 25%) on the estimated assessable profits arising in Belgium during the year.

The provision for corporate income tax in the Chinese mainland is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

# Notes to Financial Statements

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## 12. INCOME TAX (continued)

Certain subsidiaries operating in the Chinese mainland were entitled to a preferential corporate income tax rate of 15% during the year because they were qualified as “High and New Technology Enterprises”.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by subsidiaries and associates established in the Chinese mainland in respect of earnings generated from 1 January 2008 with 5% and 10%, respectively.

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

### 2025

	Chinese mainland RMB'000	Hong Kong RMB'000	Others RMB'000	Total RMB'000
Profit/(loss) before tax from continuing operations	8,601,949	(928,974)	(729,579)	6,943,396
Total	8,601,949	(928,974)	(729,579)	6,943,396
Tax at the statutory tax rate	2,150,487	(153,281)	(182,395)	1,814,811
Less: Preferential tax rate reduction	(721,415)	111,728	-	(609,687)
Income not subject to tax	(35,619)	(66,122)	-	(101,741)
Expenses not deductible for tax	166,425	536,865	-	703,290
Additional tax deduction for research and development expenses	(485,256)	-	-	(485,256)
Tax losses utilized from previous periods	(1,007)	-	-	(1,007)
Tax losses not recognised	85,994	11,390	182,395	279,779
Subtotal	1,159,609	440,580	-	1,600,189
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries operating in the Chinese mainland				28,678
Tax charge at the Group's effective rate				1,628,867
Tax charge from continuing operations at the effective rate				1,628,867

## 12. INCOME TAX (continued)

2024

	Chinese mainland RMB'000	Hong Kong RMB'000	Others RMB'000	Total RMB'000
Profit/(loss) before tax from continuing operations	7,805,325	(962,901)	(1,564,956)	5,277,468
Profit before tax from discontinued operations	365,520	1,351,387	-	1,716,907
<b>Total</b>	<b>8,170,845</b>	<b>388,486</b>	<b>(1,564,956)</b>	<b>6,994,375</b>
Tax at the statutory tax rate	2,043,381	64,100	(391,239)	1,716,242
Less: Preferential tax rate reduction	(790,756)	(519,483)	-	(1,310,239)
Income not subject to tax	(65,502)	(56,768)	-	(122,270)
Expenses not deductible for tax	110,156	716,601	-	826,757
Additional tax deduction for research and development expenses	(390,203)	-	-	(390,203)
Tax losses utilized from previous periods	(189,917)	-	-	(189,917)
Tax losses not recognised	54,917	10,711	380,311	445,939
<b>Subtotal</b>	<b>772,076</b>	<b>215,161</b>	<b>(10,928)</b>	<b>976,309</b>
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries operating in the Chinese mainland				201,958
Effect of withholding tax at 10% on the distributable profits of the Group's then associate operating in the Chinese mainland				(548,574)
Tax charge at the Group's effective rate				<u>629,693</u>
Tax charge from continuing operations at the effective rate				<u>492,918</u>
Tax charge from discontinued operations at the effective rate				<u>136,775</u>

### Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current income tax when incurred. Pillar Two legislation has been enacted or substantially enacted and in effect as at 31 December 2025 in certain jurisdictions in which the Group operates, including Hong Kong, the UK, Belgium and Spain.

Pillar Two legislation was gazetted in Hong Kong on 6 June 2025, the jurisdiction in which the Company is listed, and has come into effect retroactively from 1 January 2025. Under the legislation, the Group may be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group has not been subject to material current income tax exposure under the Pillar Two regime as of 31 December 2025 according to the assessment. The Group will continue to monitor the Pillar Two developments and reassess the potential impact on its tax position.

# Notes to Financial Statement

31 December 2025

## 13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim – HK\$0.05 (equivalent to RMB0.04610) (2024: HK\$0.03 (equivalent to RMB0.02767) per ordinary share	<b>835,638</b>	505,865
Proposed final – HK\$0.05 (equivalent to RMB0.04492) (2024: HK\$0.04 (equivalent to RMB0.03760) per ordinary share	<b>803,778</b>	674,031
	<b>1,639,416</b>	1,179,896

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent for the year of approximately RMB2,343,348,000 (2024: approximately RMB3,499,834,000), and the weighted average number of ordinary shares of 18,002,496,191 (2024: 18,293,510,734) outstanding during the year.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2025 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation for the year ended 31 December 2025 is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of share options under the 2024 CT Tianqing Share Incentive Scheme. The convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2024 is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds and the exchange alignment on the convertible bonds. The weighted average number of ordinary shares used in the calculation for the year ended 31 December 2024 is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been converted from the convertible bonds. The share option of 2024 CT Tianqing Share Incentive Scheme had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share.

# Notes to Financial Statements

31 December 2025

## 14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	2,343,348	1,920,117
From discontinued operations	-	1,579,717
Subtotal	2,343,348	3,499,834
Interest on convertible bonds	-	357
Exchange adjustments	-	(1,145)
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	2,343,348	3,499,046
Attributable to:		
Continuing operations	2,343,348	1,919,329
Discontinued operations	-	1,579,717
Total	2,343,348	3,499,046
	No. of shares 2025	No. of shares 2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	18,002,496,191	18,293,510,734
Effect of dilution – weighted average number of ordinary shares:		
Weighted average number of shares under option	54,324,651	-
Convertible bonds	-	1,549,263
Total	18,056,820,842	18,295,059,997

# Notes to Financial Statement

31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

### 31 December 2025

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025:						
Cost	5,015,750	6,041,273	221,130	2,170,532	1,701,496	15,150,181
Accumulated depreciation	(1,619,497)	(3,037,409)	(186,950)	(1,614,943)	-	(6,458,799)
Net carrying amount	3,396,253	3,003,864	34,180	555,589	1,701,496	8,691,382
At 1 January 2025, net of accumulated depreciation	3,396,253	3,003,864	34,180	555,589	1,701,496	8,691,382
Additions	50,649	218,027	3,430	11,369	678,643	962,118
Depreciation provided during the year	(270,529)	(572,583)	(13,146)	(61,998)	-	(918,256)
Acquisition of a subsidiary	-	16,605	-	762	-	17,367
Disposals	(21,018)	(14,691)	(917)	(225)	(1,440)	(38,291)
Transfer from construction in progress	349,077	271,401	25	8,395	(628,898)	-
Transfer to investment properties (note 16)	(849)	-	-	-	-	(849)
Exchange realignment	(13,634)	14	-	(116)	-	(13,736)
	3,489,949	2,922,637	23,572	513,776	1,749,801	8,699,735
At 31 December 2025:						
Cost	5,373,145	6,473,774	215,564	2,172,078	1,749,801	15,984,362
Accumulated depreciation	(1,883,196)	(3,551,137)	(191,992)	(1,658,302)	-	(7,284,627)
Net carrying amount	3,489,949	2,922,637	23,572	513,776	1,749,801	8,699,735

# Notes to Financial Statements

31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2024

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:						
Cost	4,248,006	5,250,283	217,679	2,160,032	1,685,515	13,561,515
Accumulated depreciation	(1,295,091)	(2,430,911)	(190,244)	(1,564,362)	-	(5,480,608)
Net carrying amount	2,952,915	2,819,372	27,435	595,670	1,685,515	8,080,907
At 1 January 2024, net of accumulated depreciation						
depreciation	2,952,915	2,819,372	27,435	595,670	1,685,515	8,080,907
Additions	139,080	205,180	17,730	20,503	606,984	989,477
Depreciation provided during the year	(324,406)	(630,187)	(10,237)	(69,500)	-	(1,034,330)
Acquisition of subsidiaries	222,274	143,996	473	4,543	322,351	693,637
Disposals	-	(20,608)	(1,287)	(2,851)	-	(24,746)
Disposals of subsidiaries	-	(17,046)	-	-	-	(17,046)
Transfer from construction in progress	404,021	503,012	-	6,321	(913,354)	-
Transfer from investment properties (note 16)	1,014	-	-	-	-	1,014
Exchange realignment	1,355	145	66	903	-	2,469
	3,396,253	3,003,864	34,180	555,589	1,701,496	8,691,382
At 31 December 2024:						
Cost	5,015,750	6,041,273	221,130	2,170,532	1,701,496	15,150,181
Accumulated depreciation	(1,619,497)	(3,037,409)	(186,950)	(1,614,943)	-	(6,458,799)
Net carrying amount	3,396,253	3,003,864	34,180	555,589	1,701,496	8,691,382

As at 31 December 2025, certain of the Group's buildings with a net carrying amount of approximately RMB195,590,000 (2024: approximately RMB208,565,000) were pledged to secure general banking facilities granted to the Group (note 30).

# Notes to Financial Statement

31 December 2025

## 16. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At 1 January:		
Cost	577,702	572,889
Accumulated depreciation	(308,672)	(283,547)
Net carrying amount	<b>269,030</b>	289,342
At 1 January, net of accumulated depreciation	<b>269,030</b>	289,342
Transfer from property, plant and equipment (note 15)	849	-
Depreciation provided during the year	(27,901)	(28,338)
Transfer to property, plant and equipment (note 15)	-	(1,014)
Effect of foreign exchange rate changes, net	(10,312)	9,040
At 31 December, net of accumulated depreciation	<b>231,666</b>	269,030
At 31 December:		
Cost	566,598	577,702
Accumulated depreciation	(334,932)	(308,672)
Net carrying amount	<b>231,666</b>	269,030

The Group's investment properties consist of two commercial properties in Hong Kong (2024: two), ten commercial properties in the Chinese mainland (2024: six), and one industrial property in the Chinese mainland (2024: one) which are held to earn rentals. The properties are measured initially and subsequently at cost. Depreciation commences on the day the transaction of purchase is completed and is calculated on the straight-line basis over 20 to 50 years.

The Group's investment properties located in Hong Kong and in the Chinese mainland as at 31 December 2025 were valued as at that date by an independent professionally qualified external appraisal firm with fair values of approximately RMB382,897,900 (2024: RMB383,320,000) and RMB125,247,900 (2024: RMB119,197,000), respectively.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

# Notes to Financial Statements

31 December 2025

## 16. INVESTMENT PROPERTIES (continued)

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2025 using				
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000	
	Investment properties	-	-	508,146	508,146

	Fair value measurement as at 31 December 2024 using				
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000	
	Investment properties	-	-	502,517	502,517

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

Hong Kong	Valuation technique	Significant unobservable inputs	Range or weighted average	
			2025	2024
Investment properties	Market comparison method	Adjusted market price	RMB10,875 to RMB16,103 per square feet	RMB11,281 to RMB17,393 per square feet

The Chinese mainland	Valuation technique	Significant unobservable inputs	Range or weighted average	
			2025	2024
Investment properties	Discounted cash flow method	Estimated rental value (per square meter and per year)	RMB380 per square meter	RMB385 to RMB483 per square meter
		Rent growth	1%	3%
		Discount rate	6.8%	7%

# Notes to Financial Statement

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## 17. LEASES

### The Group as a lessee

The Group has lease contracts for various items of leasehold lands and properties used in its operations. Lump sum payments were made upfront to acquire the leased lands from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms above 1 year to 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold lands RMB'000	Properties RMB'000	Total RMB'000
As at 1 January 2024	1,514,247	317,007	1,831,254
Acquisition of a subsidiary	9,115	3,933	13,048
Additions	–	73,816	73,816
Termination of lease contracts	–	(245,770)	(245,770)
Depreciation charge	(28,418)	(55,500)	(83,918)
Exchange realignment	–	8,344	8,344
As at 1 January 2025	1,494,944	101,830	1,596,774
Acquisition of a subsidiary (note 37)	–	3,288	3,288
Additions	–	11,741	11,741
Termination of lease contracts	–	(231)	(231)
Disposal of subsidiaries	–	(193)	(193)
Depreciation charge	(43,678)	(33,911)	(77,589)
Exchange realignment	–	(120)	(120)
As at 31 December 2025	1,451,266	82,404	1,533,670

As at 31 December 2025, leasehold lands with a net carrying amount of approximately RMB244,931,000 (2024: RMB250,821,000) were pledged to secure general banking facilities granted to the Group (note 30).

## 17. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	111,726	369,882
Acquisition of a subsidiary (note 37)	3,095	3,590
New leases	11,741	73,816
Termination of lease contracts	(233)	(293,026)
Accretion of interest recognised during the year	4,357	7,516
Payments	(39,904)	(44,209)
Disposal of a subsidiary	(195)	–
Exchange realignment	10	(5,843)
Carrying amount at 31 December	90,597	111,726
Analysed into:		
Repayable within one year	23,287	28,333
Repayable in two to five years	61,621	76,325
Repayable over five years	5,689	7,068

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	4,357	7,516
Depreciation charge of right-of-use assets	77,589	83,918
Expense relating to leases of short-term and low-value assets	333,290	270,391
Total amount recognised in profit or loss	415,236	361,825

# Notes to Financial Statement

31 December 2025

## 17. LEASES (continued)

### The Group as a lessor

The Group leases its investment properties (note 16) under operating lease arrangements with leases terms of 1 year or ten years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB11,442,000 (2024: RMB7,054,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	7,676	7,553
In the second to five years, inclusive	35,151	28,761
In the six to ten years, inclusive	9,100	14,380
Total	51,927	50,694

## 18. GOODWILL

	2025 RMB'000	2024 RMB'000
At 1 January:		
Cost	981,562	727,706
Accumulated impairment	(65,873)	(47,254)
Net carrying amount	915,689	680,452
Cost at 1 January, net of accumulated impairment	915,689	680,452
Acquisition of a subsidiary (note 37)	2,602,972	455,446
Disposals of subsidiaries	-	(215,665)
Impairment during the year	-	(18,619)
Exchange alignment	(22,474)	14,075
Cost and net carrying amount at 31 December	3,496,187	915,689
At 31 December:		
Cost	3,562,060	981,562
Accumulated impairment	(65,873)	(65,873)
Net carrying amount	3,496,187	915,689

## 18. GOODWILL (continued)

### Impairment testing of goodwill

The carrying amount of goodwill of the Group is related to eleven different cash-generating units (“CGUs”), principally due to the acquisition of LaNova Medicines Limited (“LaNova”).

The recoverable amounts of the goodwill primarily attributable to the acquisition of equity interests in these CGUs have been determined based on value in use calculation using cash flow projections based on financial budgets covering a period ranging from five to ten years approved by senior management. Management considers that using a forecast period of over five years for financial budgets in the goodwill impairment test is appropriate because the useful lives of relevant items of intellectual property are estimated as ten years after commercialisation, and it generally takes longer for a biotech company to reach the perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a period of over five years were used as management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

The discount rates applied to the cash flow projections ranged from 9.4% to 13.5% (2024: 11% to 13%). The growth rate used to extrapolate the cash flows beyond the forecast period is 2% (2024: 2%), which is based on the relevant industry growth forecasts and does not exceed the average long term growth rate for the relevant industry.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Discount rates* – The discount rates used are before tax and reflect specific risks relating to the relevant units.

*Growth rate* – The growth rate is based on industry growth forecasts.

*Changes in selling prices and direct costs* – These are based on past practices and expectations of future changes in the market.

The values assigned to the key assumptions on discount rates, growth rate and changes in selling prices and direct costs are consistent with external information sources. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of each CGU to exceed its recoverable amount.

# Notes to Financial Statement

31 December 2025

## 19. INTANGIBLE ASSETS

	Patents and licences RMB'000	Development costs RMB'000	Trademarks RMB'000	Customer relationship RMB'000	Total RMB'000
<b>31 December 2025</b>					
Cost at 1 January 2025, net of accumulated amortisation	187,389	1,873,391	14,033	70,464	2,145,277
Additions	12,987	451,172	-	-	464,159
Amortisation provided during the year	(10,138)	(170,097)	(496)	(7,106)	(187,837)
Acquisition of a subsidiary (note 37)	757	1,223,931	-	-	1,224,688
Impairment during the year	(71,916)	-	-	-	(71,916)
Exchange realignment	(3,886)	(14,514)	-	-	(18,400)
At 31 December 2025	115,193	3,363,883	13,537	63,358	3,555,971
<b>At 31 December 2025</b>					
Cost	235,903	3,994,527	1,037,796	1,999,056	7,267,282
Accumulated amortisation and impairment	(120,710)	(630,644)	(1,024,259)	(1,935,698)	(3,711,311)
Net carrying amount	115,193	3,363,883	13,537	63,358	3,555,971
<b>31 December 2024</b>					
Cost at 1 January 2024, net of accumulated amortisation	234,458	1,980,018	14,033	-	2,228,509
Additions	34,840	398,467	-	-	433,307
Amortisation provided during the year	(28,303)	(145,700)	-	(592)	(174,595)
Acquisition of subsidiaries	24,520	-	-	71,056	95,576
Impairment during the year	-	(286,811)	-	-	(286,811)
Disposal of subsidiaries	(80,574)	(73,097)	-	-	(153,671)
Exchange realignment	2,448	514	-	-	2,962
At 31 December 2024	187,389	1,873,391	14,033	70,464	2,145,277
<b>At 31 December 2024</b>					
Cost	290,542	2,333,938	1,037,796	1,999,056	5,661,332
Accumulated amortisation and impairment	(103,153)	(460,547)	(1,023,763)	(1,928,592)	(3,516,055)
Net carrying amount	187,389	1,873,391	14,033	70,464	2,145,277

# Notes to Financial Statements

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## 20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	1,178,512	1,161,480
Goodwill on acquisition	988,188	988,188
Subtotal	2,166,700	2,149,668
Provision for impairment	(529,583)	(529,583)
Total	1,637,117	1,620,085

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of associates and joint ventures' loss for the year	(151,376)	(118,299)
Share of associates and joint ventures' other comprehensive income	24,975	(44,959)
Aggregate carrying amount of the Group's investments in associates and joint ventures	1,637,117	1,620,085

## 21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
<b>Equity investments designated at fair value through other comprehensive income</b>		
Equity investments, at fair value	9,470,879	10,911,529

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

# Notes to Financial Statement

31 December 2025

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
<b>Financial assets at fair value through profit or loss</b>		
<b>Current</b>		
Wealth management products	10,146,679	4,950,829
<b>Non-Current</b>		
Other unlisted investments, at fair value	2,109,090	4,439,113

For wealth management products, the Group entered into the investment contracts with several financial institutions in the Chinese mainland and Hong Kong with a floating return which will be paid together with the principal on the maturity date.

The other unlisted investments measured at financial assets at fair value through profit or loss mainly represents convertible redeemable preferred shares which the Group has the right to require and demand the issuers to redeem the shares held by the Group upon redemption events that are out of control of issuers (31 December 2025 and 2024: RMB1,642,917,000 and RMB3,896,478,000, respectively).

## 23. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	219,232	76,859

## 24. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	662,472	590,744
Work in progress	600,409	537,992
Finished goods	905,068	1,100,565
Spare parts and consumables	88,714	143,844
Total	2,256,663	2,373,145

# Notes to Financial Statements

31 December 2025

## 25. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	5,700,872	4,310,766
Bills receivable	618,117	696,006
Impairment	(55,402)	(39,212)
Net carrying amount	6,263,587	4,967,560

The fair value of bills receivable approximates to their carrying amount.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods mainly range from 0 days to 90 days. The Group seeks to maintain a strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables as at end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Current to 90 days	5,173,413	4,615,375
91 days to 180 days	736,324	219,314
over 180 days	353,850	132,871
Total	6,263,587	4,967,560

As at 31 December 2025, bills receivable of RMB207,608,770 (2024: RMB171,996,000) were pledged as collateral for the Group's bills payable.

# Notes to Financial Statement

31 December 2025

## 25. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	39,212	26,426
Recognition of impairment losses (note 7)	16,190	12,786
At end of year	55,402	39,212

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

### As at 31 December 2025

	Current	Past due			Total
		Less than 90 days	Between 91 and 275 days	Over 275 days	
Expected credit loss rate	0.56%	0.22%	2.39%	13.44%	0.88%
Gross carrying amount (RMB'000)	5,202,603	737,924	237,588	140,874	6,318,989
Expected credit losses (RMB'000)	29,190	1,600	5,678	18,934	55,402

### As at 31 December 2024

	Current	Past due			Total
		Less than 90 days	Between 91 and 275 days	Over 275 days	
Expected credit loss rate	0.46%	0.89%	5.15%	26.94%	0.78%
Gross carrying amount (RMB'000)	4,636,607	221,274	110,583	38,308	5,006,772
Expected credit losses (RMB'000)	21,232	1,960	5,700	10,320	39,212

## 25. TRADE AND BILLS RECEIVABLES (continued)

### Financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of approximately RMB1,313,986,000 (2024: approximately RMB1,304,236,000). The Derecognised Bills had maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the Chinese mainland, the holders of the Derecognised Bills shall have recourse against the Group if the Chinese mainland’s banks default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposures to loss from the group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the continuing involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

## 26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Prepayments	1,115,397	662,637
Other receivables	1,654,058	1,623,565
Financial assets measured at amortised cost	414,828	220,639
Income tax recoverable	230,976	–
Prepaid expenses	31,321	31,530
	<b>3,446,580</b>	2,538,371
Impairment allowance	<b>(424,796)</b>	(86,627)
Total	<b>3,021,784</b>	2,451,744
<b>Non-current</b>		
Prepayments and other asset	55,847	251,766

The carrying amounts of other receivables approximate to their fair values due to their relatively short maturity terms.

The financial assets measured at amortised cost represent financial products issued by financial institutions in Hong Kong with a fixed return which will be paid together with the principal on the maturity date.

As at 31 December 2025, the Group provided impairment of RMB424,796,000 for other receivables on the individual basis (2024: RMB86,627,000). The other financial assets included in the above balances relate to receivables for which there was no recent history of default.

# Notes to Financial Statement

31 December 2025

## 27. CASH AND BANK BALANCES/BANK DEPOSITS

### Cash and bank balances

	2025 RMB'000	2024 RMB'000
Cash and bank balances, unrestricted	4,616,897	2,848,231
Time deposits with original maturity of less than three months	2,767,998	3,383,292
Time deposits with original maturity of more than three months	4,795,834	3,338,061
Cash and bank balances	12,180,729	9,569,584

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB9,585,370,000 (2024: approximately RMB7,510,284,000) in the Chinese mainland. The RMB is not freely convertible into other currencies. However, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximately to their fair values.

### Bank deposits

At the end of the reporting period, the bank deposits with a term of over one year amounting to RMB10,248,000,000 carried interest at market interest rates ranging from 1.75% to 3.30% per annum (2024: RMB9,365,805,000 carried interest at market interest rates ranging from 2.15% to 3.55%). As at 31 December 2025, no bank deposits were pledged (2024: Nil.)

# Notes to Financial Statements

31 December 2025

## 28. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice receiving date, is as follows:

	2025 RMB'000	2024 RMB'000
Current to 90 days	1,010,073	841,643
91 days to 180 days	195,423	399,434
Over 180 days	291,792	256,384
Total	1,497,288	1,497,461

Trade and bills payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the trade and bills payables approximate to their fair values due to their relatively short maturity terms.

## 29. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accrued payroll and bonuses	2,571,461	2,210,814
Other payables	1,680,540	1,965,996
Dividend payable	2,132,337	157,963
Accrued expenses	7,344,656	5,188,507
Staff welfare and bonus fund	20,227	22,324
Tax payable other than profits tax	382,772	229,570
Contract liabilities	391,676	253,241
Total	14,523,669	10,028,415

Other payables are non-interest-bearing and have an average term of three months. The carrying amounts of the other payables and accruals approximate to their fair values due to their relatively short maturity terms.

# Notes to Financial Statement

31 December 2025

## 30. INTEREST-BEARING BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Analysed as:		
Unsecured	14,540,536	9,353,519
Secured	1,438,878	229,058
	<b>15,979,414</b>	9,582,577
Analysed as:		
Fixed interest rate	15,979,414	9,582,577
The carrying amounts of the above borrowings are repayable:		
Within one year	8,395,435	7,585,825
Within a period of more than one year, but not exceeding two years	1,500,000	158,500
Within a period of more than two years, but not exceeding five years	1,046,569	1,693,959
Over five years	5,037,410	144,293
	<b>15,979,414</b>	9,582,577
Less: Amounts due within one year shown under current liabilities	8,395,435	7,585,825
Amounts shown under non-current liabilities	7,583,979	1,996,752

The ranges of effective interest rates on the Group's fixed rate borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed rate borrowings	<b>0.87%-3.9%</b>	1.8%-4.9%

The Group issued panda bonds in 2024 and as at 31 December 2025, the carrying amount of panda bonds amounted to RMB1,504,520,000 (2024: RMB1,504,520,000), with a coupon rate of 2.34% and a maturity of 3 years.

As at 31 December 2025 and 2024, details of the assets of the Group that have been pledged as collateral to secure the bank borrowings are set out in notes 15 and 17.

## 31. DEFERRED GOVERNMENT GRANTS

The Group's deferred government grants represented government grants received for the investment in long-term assets in production base or setting up research and development activities, which are credited to the statement of profit or loss on a straight-line basis over the remaining expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

# Notes to Financial Statements

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## 32. DEFERRED TAX

### Deferred tax liabilities

2025	Development costs RMB'000	Fair value adjustment of financial investment at fair value through profit or loss RMB'000	Withholding tax RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Acquisition RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2025	243,330	4,160	498,375	196,292	69,274	11,345	1,022,776
Acquisition of a subsidiary (note 37)	-	-	-	-	180,632	-	180,632
Deferred tax charged/(credit) to the statement of profit or loss (note 12)	56,109	8,743	28,678	(18,185)	(5,693)	6,865	76,517
Gross deferred tax liabilities at 31 December 2025	299,439	12,903	527,053	178,107	244,213	18,210	1,279,925

### Deferred tax assets

2025	Tax Loss RMB'000	Government grants RMB'000	Provision for receivables RMB'000	Accruals RMB'000	Elimination of profits on inventories RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	133,622	86,142	16,841	918,108	135,360	11,438	1,301,511
Deferred tax credited/(charged) to the statement of profit or loss (note 12)	32,265	(7,938)	15,085	262,674	(110,682)	7,193	198,597
Gross deferred tax assets at 31 December 2025	165,887	78,204	31,926	1,180,782	24,678	18,631	1,500,108

For presentation purposes, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	506,585
Net deferred tax liabilities recognised in the consolidated statement of financial position	(286,402)
	220,183

# Notes to Financial Statement

31 December 2025

## 32. DEFERRED TAX (continued)

### Deferred tax liabilities

2024

	Development costs RMB'000	Fair value adjustment of financial investment at fair value through profit or loss RMB'000	Withholding tax RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Acquisition RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	191,218	2,951	955,098	201,106	85,413	56,158	1,491,944
Acquisition of a subsidiary (note 36)	-	-	-	-	10,658	-	10,658
Disposal of subsidiaries	-	-	-	-	(29,842)	-	(29,842)
Deferred tax charged/(credit) to the statement of profit or loss (note 12)	52,112	1,209	(456,723)	(4,814)	3,045	(44,813)	(449,984)
Gross deferred tax liabilities at 31 December 2024	243,330	4,160	498,375	196,292	69,274	11,345	1,022,776

### Deferred tax assets

2024

	Tax Loss RMB'000	Government grants RMB'000	Provision for receivables RMB'000	Accruals RMB'000	Elimination of profits on inventories RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	136,349	78,309	13,561	823,535	169,283	56,376	1,277,413
Acquisition of subsidiaries (note 36)	-	-	323	3,054	-	-	3,377
Disposal of subsidiaries	(18,128)	-	-	-	-	-	(18,128)
Deferred tax credited/(charged) to the statement of profit or loss (note 12)	15,401	7,833	2,957	91,519	(33,923)	(44,938)	38,849
Gross deferred tax assets at 31 December 2024	133,622	86,142	16,841	918,108	135,360	11,438	1,301,511

# Notes to Financial Statements

31 December 2025

## 32. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	516,288
Net deferred tax liabilities recognised in the consolidated statement of financial position	(237,553)
	<u>278,735</u>

Deferred tax assets have not been recognised in respect of accumulated tax losses mainly arising in the Chinese mainland, Hong Kong and other regions with an aggregate amount of approximately RMB4,712,984,000 (2024: approximately RMB3,342,791,000) as they have occurred and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised. The accumulated tax losses arising in the Chinese mainland will expiry in one to five years for offsetting future taxable profits.

## 33. SHARE CAPITAL/TREASURY SHARES

### Share capital

#### Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 18,760,717,230 ordinary shares of HK\$0.025 each (2024: 18,791,217,230 ordinary shares of HK\$0.025 each)	<u>413,669</u>	414,384

# Notes to Financial Statement

31 December 2025

## 33. SHARE CAPITAL/TREASURY SHARES (continued)

### Share capital (continued)

*Shares (continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
1 January 2024	18,801,217,230	414,615
Shares repurchased and cancelled (Note (a))	(10,000,000)	(231)
At 31 December 2024 and 1 January 2025	18,791,217,230	414,384
Shares repurchased and cancelled (Note (a))	<b>(30,500,000)</b>	<b>(715)</b>
At 31 December 2025	<b>18,760,717,230</b>	<b>413,669</b>

Note:

- (a) During the year, the Company has repurchased 30,500,000 (2024: 10,000,000) ordinary shares of HK\$0.025 (2024: HK\$0.025) each on the Stock Exchange at a total consideration of approximately HK\$92,910,000 (2024: HK\$24,457,000) equivalent to approximately RMB87,178,000 (2024: RMB22,608,000) (excluding expenses), and have been cancelled as at 31 December 2025.

### Treasury shares

A summary of movements in the Company's treasury shares is as follows:

	Number of shares repurchased	Treasury shares RMB'000
1 January 2024	454,093,043	1,769,723
Exercise of restricted shares	(8,476,600)	(24,528)
Repurchase of shares for cancellation	10,000,000	22,608
Repurchase of shares under share award scheme	421,440,000	1,229,592
Cancellation of treasury shares	(10,000,000)	(22,608)
At 31 December 2024 and 1 January 2025	867,056,443	2,974,787
Exercise of restricted shares	<b>(6,431,550)</b>	<b>(46,398)</b>
Repurchase of shares for cancellation	<b>30,500,000</b>	<b>87,178</b>
Repurchase of shares under share award scheme	<b>8,000,000</b>	<b>22,822</b>
Cancellation of treasury shares	<b>(30,500,000)</b>	<b>(87,178)</b>
At 31 December 2025	<b>868,624,893</b>	<b>2,951,211</b>

## 34. SHARE OPTION SCHEMES/SHARE AWARD SCHEME

### 2023 Share Option Scheme

On 15 June 2023, the shareholders of the Company approved the adoption of a share option scheme (the “2023 Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2023 Share Option Scheme are (i) employee participants: the directors and employees of any member of the Group, including persons who are granted options under the scheme as inducement to enter into employment contracts with any member of the Group; and (ii) service providers: persons who provide services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth and development of the Group, and fall into the categories of (a) consultants and advisors or (b) suppliers, distributors, contractors and agents.

The 2023 Share Option Scheme became effective on 15 June 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the share option scheme when aggregated with the maximum number of shares in respect of which options over shares or other securities may be granted by the Group under any other scheme shall not exceed 10% of the issued share capital as at the date of adoption of the 2023 Share Option Scheme. Within this limit, the total number of shares which may be issued in respect of all options which may be granted to service providers shall not exceed 1% of the shares in issue as at the date of adoption of the 2023 Share Option Scheme.

No share option has been granted under the 2023 share option scheme since its adoption.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the schemes as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

### 2018 Share award scheme

The Company operates a restricted share award scheme (the “2018 Share Award Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, pursuant to which existing shares will be purchased by a trustee (the “2018 Scheme Trustee”) from the market out of cash contributed by the Company and be held on trust for the eligible participants until such shares are vested.

The 2018 Share Award Scheme became effective on 5 January 2018 and remains in force for 10 years from that date.

The maximum number of shares which the 2018 Scheme Trustee may purchase with funds contributed by the Company shall not exceed 3% of the total issued share capital of the Company as at the date of adoption of the 2018 Share Award Scheme. On 26 April 2022, the board of directors of the Company resolved that such limit be refreshed to 3% of the total issued share capital of the Company as at the date of the resolutions, i.e. 564,932,826 shares. On 28 March 2024, the board of directors of the Company resolved that such limit be revised from 3% to 5% of the issued share capital of the Company, and the scheme limit be refreshed to 5% of the shares in issue as at the date of resolutions, i.e. 940,060,861 shares, in order to provide the Company with greater flexibility in granting shares to eligible participants as incentives or rewards for their contributions to the Company. The maximum number of restricted shares which may be granted to an eligible participant at any time or in aggregate may not exceed 0.5% of the issued capital of the Company as at the date of adoption of the 2018 Share Award Scheme.

# Notes to Financial Statement

31 December 2025

## 34. SHARE OPTION SCHEMES/SHARE AWARD SCHEME (continued)

### 2018 Share award scheme (continued)

Pursuant to the 2018 Share Award Scheme, eligible participants include the directors and employees of the Company and any of its subsidiaries and any other persons permitted by the scheme. Where any grant of the restricted shares is proposed to be made to a director (including the independent non-executive director), such grant must first be approved by all the independent non-executive directors and in each case excluding any independent non-executive director who is the proposed participant. The board of directors of the Company may, from time to time, at its absolute discretion determine the number of restricted shares to be granted and select any participant to be a selected participant with such vesting conditions as it may deem appropriate under the 2018 Share Award Scheme.

On 25 March 2025 and 27 August 2025, the Company granted 6,431,550 restricted shares in aggregate to a total of 30 employees of the Group under the scheme. On 23 August 2024 and 13 September 2024, the Company granted 8,476,600 restricted shares in aggregate to a total of 26 selected participants who were employees and consultants of the Group under the 2018 Share Award Scheme. On 13 October 2023, the Company granted 6,854,834 restricted shares in aggregate to a total of 15 employees of the Group under the scheme. All these restricted shares were granted at nil consideration and vested immediately on the respective date of grant.

The fair value of the restricted shares granted during the year was RMB46,398,000 (RMB7.21 each) (2024: RMB24,528,000 (RMB2.89 each)). The fair value of the restricted shares was calculated based on the closing price of the Company's shares at the grant date.

As at 31 December 2025, 529,934,893 shares (31 December 2024: 528,366,443 shares) were held on trust by the 2018 Scheme Trustee under the 2018 Share Award Scheme. As at the date of this annual report, 529,934,893 shares were available for grant under the 2018 Share Award Scheme, representing approximately 2.82% of the Company's shares in issue as at that date.

### 2024 CT Tianqing Share Incentive Scheme

On 7 May 2024, the board of directors of the Company resolved and approved the implementation of a share incentive scheme (the "2024 CT Tianqing Share Incentive Scheme") by CT Tianqing, a subsidiary of the Company, to motivate core talents who would play an important role in the future operations and development of CT Tianqing.

The 2024 CT Tianqing Share Incentive Scheme is designed to further establish and refine the interest sharing mechanism between CT Tianqing and its staff, stimulate the motivation and creativity of its staff, enhance their cohesion and the competitiveness of CT Tianqing and foster the long-term, sustainable and healthy development of the company. Participants of the scheme are middle to senior management and professional staff of the same grade serving in CT Tianqing (including its wholly-owned subsidiaries), receiving remuneration and having entered into labour contract with CT Tianqing (including its wholly-owned subsidiaries) or being employed by CT Tianqing (including its wholly owned subsidiaries), as well as other personnel deemed by the board of directors of CT Tianqing to be deserving such incentives.

## 34. SHARE OPTION SCHEMES/SHARE AWARD SCHEME (continued)

### 2024 CT Tianqing Share Incentive Scheme (continued)

Pursuant to the scheme, CT Tianqing shall use not more than RMB1 billion of self-owned funds to instruct the trustee of the scheme (the “2024 Scheme Trustee”) to purchase existing shares of the Company from the market based on market conditions for the subsequent implementation of share-based incentives for persons selected to participate in the scheme, i.e. designated participants. During the year ended 31 December 2024, the 2024 Scheme Trustee had fully utilized the amount of RMB1 billion and purchased a total of 338,690,000 shares (representing the maximum number of shares that could be purchased under the scheme or the scheme limit) from the market in accordance with the rules of the scheme. The maximum number of shares that can be granted to an individual designated participant in one batch or multiples batches in aggregate shall not exceed 30% of this scheme limit. The 2024 CT Tianqing Share Incentive Scheme is effective for 10 years from the date upon consideration and approval by the shareholders’ general meeting of CT Tianqing.

The detailed list of the designated participants and number of incentive shares to be granted shall be considered and determined by the board of directors of CT Tianqing. The designated participant shall execute an incentive agreement with CT Tianqing and pay for purchase of the incentive shares in full within the prescribed period, otherwise he or she will automatically lose the eligibility to participate in the scheme. The purchase price per incentive share shall be not less than 50% of the average price of the relevant shares purchased by the 2024 Scheme Trustee.

On 30 September 2024, CT Tianqing granted 108,384,000 incentive shares in aggregate to a total of 310 employee participants under the 2024 CT Tianqing Share Incentive Scheme with service and non-market performance conditions.

The following incentive shares were outstanding under 2024 CT Tianqing Share Incentive Scheme during the year:

	Number of incentive shares
As at 1 January 2024	–
Granted during the year	108,384,000
Forfeited during the year	(600,000)
As at 12 December 2024 and 1 January 2025	<b>107,784,000</b>
Forfeited during the year	<b>(5,520,000)</b>
As at 31 December 2025	<b>102,264,000</b>

Subject to the satisfaction of performance-based vesting conditions, the incentive shares will vest as to 40%, 30% and 30% of the total number of the incentive shares granted to each grantee on 31 December 2025, 31 December 2026 and 31 December 2027, respectively. The purchase price of the incentive shares was RMB1.40 per share. The fair value of the incentive shares granted during the year was RMB1.97 each. The fair value was calculated based on the closing price of the Company’s shares as at the grant date. The share-based payment expenses recognised in profit or loss under the 2024 CT Tianqing Share Incentive Scheme were approximately RMB72,472,000 for the year ended 31 December 2025 (2024: RMB28,903,000).

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## 34. SHARE OPTION SCHEMES/SHARE AWARD SCHEME (continued)

### 2024 CT Tianqing Share Incentive Scheme (continued)

As at 31 December 2025, 338,690,000 shares of the Company were held on trust by the 2024 Scheme Trustee under 2024 CT Tianqing Share Incentive Scheme. As at the date of this annual report, 236,426,000 shares were available for grant under the 2024 CT Tianqing Share Incentive Scheme, representing approximately 1.26% of the Company's shares in issue as at that date.

In addition, the Group reversed an equity-settled share based payment expense of RMB(2,904,000) during the year (2024: RMB290,000) related to the restricted shares granted by Hob Biotech Group Corp., Ltd. on 9 October 2023.

## 35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

### (i) Capital reserve

The capital reserve is non-distributable and arose from the capitalisation of the statutory reserve funds as paid-up capital upon approval for increasing the registered capital of the Chinese mainland joint ventures.

### (ii) Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the shares and the share premium account of the former group holding companies acquired pursuant to the group reorganisation as stated in the Company's prospectus dated 22 September 2000, and the nominal value of the Company's shares issued in exchange therefor.

### (iii) Reserve funds

In accordance with the Articles of Association of all subsidiaries established in the Chinese mainland, all subsidiaries established in the Chinese mainland are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or be converted into additional paid-in capital of the subsidiaries.

### (iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside the Chinese mainland. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

### (v) Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company.

# Notes to Financial Statements

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## 36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025 RMB'000	2024 RMB'000
Percentage of equity interests held by non-controlling interests:		
CT Tianqing	40.0%	40.0%
NJCTT	44.4%	44.4%
Beijing Tide	42.4%	42.4%
Nanjing Shunxin	40.0%	40.0%
	2025 RMB'000	2024 RMB'000
Profit for the year allocated to non-controlling interests:		
CT Tianqing	2,326,141	1,420,875
NJCTT	563,216	503,143
Beijing Tide	642,459	481,069
Nanjing Shunxin	454,759	603,635
Accumulated balances of non-controlling interests at the reporting date:		
CT Tianqing	5,909,134	5,576,263
NJCTT	1,778,118	1,214,730
Beijing Tide	2,362,143	1,985,041
Nanjing Shunxin	728,589	816,690

# Notes to Financial Statement

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## 36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2025	CT Tianqing RMB'000	NJCTT RMB'000	Beijing Tide RMB'000	Nanjing Shunxin RMB'000
Revenue	13,391,730	4,984,366	5,119,642	5,983,463
Total expenses	(7,576,377)	(3,715,862)	(3,604,408)	(4,846,566)
Profit for the year	5,815,353	1,268,504	1,515,234	1,136,897
Total comprehensive income for the year	5,815,353	1,268,504	1,515,234	1,136,897
Current assets	16,065,024	4,450,263	7,184,856	3,582,903
Non-current assets	11,197,237	2,066,108	1,224,133	1,227,685
Current liabilities	(12,323,188)	(2,031,161)	(2,553,680)	(2,840,385)
Non-current liabilities	(166,238)	(480,440)	(284,217)	(148,731)
Net cash flows from operating activities	4,736,455	1,072,170	1,655,601	(171,429)
Net cash flows (used in)/from investing activities	(3,985,599)	(1,054,093)	616,901	(214,792)
Net cash flows (used)/from in financing activities	(319,536)	(311,118)	(807,990)	70,244
Net increase/(decrease) in cash and cash equivalents	431,320	(293,041)	1,464,512	(315,977)

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## 36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations (continued):

2024	CT Tianqing RMB'000	NJCTT RMB'000	Beijing Tide RMB'000	Nanjing Shunxin RMB'000
Revenue	13,634,268	4,398,300	4,578,860	3,284,413
Total expenses	(10,082,080)	(3,265,094)	(3,444,263)	(1,775,325)
Profit for the year	3,552,188	1,133,206	1,134,597	1,509,088
Total comprehensive income for the year	3,552,188	1,133,206	1,134,597	1,509,088
Current assets	11,234,875	3,162,084	5,612,496	2,096,415
Non-current assets	10,198,007	2,295,270	1,344,774	992,232
Current liabilities	(7,339,204)	(1,968,090)	(2,030,843)	(980,285)
Non-current liabilities	(153,020)	(753,385)	(244,727)	(66,637)
Net cash flows from operating activities	4,783,079	1,135,532	1,767,096	283,243
Net cash flows used in investing activities	(2,754,809)	(915,760)	(1,304,768)	(125,593)
Net cash flows (used)/from in financing activities	(2,280,998)	191,449	798,675	(440,134)
Net (decrease)/increase in cash and cash equivalents	(252,728)	411,221	1,261,003	(282,484)

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## 37. BUSINESS COMBINATION

### (a) Acquisition of LaNova (禮新醫藥科技(上海)有限公司)

During the year ended 31 December 2025, the Group acquired a 95.09% equity interest in LaNova, a company incorporated in the Chinese mainland with limited liability, at a total consideration of approximately US\$950,916,000 (approximately equivalent to RMB6,782,028,000). Before the acquisition, the Group held a 4.91% equity interest in LaNova and after the acquisition, LaNova became an indirect wholly-owned subsidiary of the Company. LaNova focuses on the unmet therapeutic needs in the field of tumour immunity and tumour microenvironment.

The fair values of the identifiable assets and liabilities of LaNova as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	15	17,367
Intangible assets	19	1,224,688
Right-of-use assets	17	3,288
Long term prepayment		2,497
Cash and bank balances		1,748,812
Trade receivables		1,927,405
Prepayments, other receivables and other assets		597,592
Trade payables		(701,742)
Accruals and other payables		(152,590)
Deferred tax liabilities	32	(180,632)
Lease Liabilities	17	(3,095)
Long term payables		(12)
Total identifiable net assets at fair value		4,483,578
Goodwill on acquisition	18	2,602,972
Total consideration in cash		6,782,028
Fair value of the remaining equity		304,522

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration paid in year of 2025	6,283,493
Cash and bank balances acquired	(1,748,812)
Net outflow of cash and cash equivalents included in cash flow from investing activities	4,534,681
Total net cash outflow	4,534,681

## 37. BUSINESS COMBINATION (continued)

### (a) Acquisition of LaNova (禮新醫藥科技(上海)有限公司) (continued)

Since the acquisition, LaNova contributed RMB4,092,000 to the Group's revenue (after inter-company eliminations) and a loss of RMB139,253,000 (after inter-company eliminations) to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB38,196,984,000 and RMB8,461,759,000, respectively.

## 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB11,741,000 and RMB11,741,000, respectively, in respect of lease arrangements for plant and equipment (2024: RMB73,816,000 and RMB73,816,000).

### (b) Changes in liabilities arising from financing activities

2025	Borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividend payable RMB'000	Other payables RMB'000	Total RMB'000
At 1 January 2025	9,582,577	111,726	16,243	157,963	150,674	10,019,183
Changes from financing cash flows	6,399,078	(39,904)	(15,630)	(1,819,854)	-	4,523,690
New leases	-	11,741	-	-	-	11,741
Lease termination	-	(233)	-	-	-	(233)
Foreign exchange movement	(2,241)	10	(658)	-	-	(2,889)
Interest expense	-	4,357	45	-	-	4,402
Final 2024 dividend declared	-	-	-	667,011	-	667,011
Interim 2025 dividend	-	-	-	835,638	-	835,638
Dividends declared to non-controlling shareholders	-	-	-	2,291,579	-	2,291,579
Disposal of subsidiaries	-	(195)	-	-	-	(195)
Acquisition of subsidiaries	-	3,095	-	-	-	3,095
At 31 December 2025	15,979,414	90,597	-	2,132,337	150,674	18,353,022

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## 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (b) Changes in liabilities arising from financing activities (continued)

2024	Borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividend payable RMB'000	Other payables RMB'000	Total RMB'000
At 1 January 2024	12,193,884	369,882	16,478	992,843	-	13,573,087
Changes from financing cash flows	(2,735,058)	(44,209)	-	(1,846,381)	-	(4,625,648)
New leases	-	73,816	-	-	-	73,816
Lease termination	-	(293,026)	-	-	-	(293,026)
Foreign exchange movement	(5,678)	(5,843)	(592)	-	-	(12,113)
Interest expense	-	7,516	357	-	-	7,873
Final 2023 dividend declared	-	-	-	505,636	-	505,636
Interim 2024 dividend	-	-	-	505,865	-	505,865
Proceeds from share-based payment	-	-	-	-	150,674	150,674
Disposal of subsidiaries	(10,697)	-	-	-	-	(10,697)
Acquisition of subsidiaries	140,126	3,590	-	-	-	143,716
At 31 December 2024	9,582,577	111,726	16,243	157,963	150,674	10,019,183

### (c) Total cash outflow for leases

	2025 RMB'000	2024 RMB'000
Within financing activities	(39,904)	(44,209)
Within operating activities	(333,290)	(270,391)

## 39. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
- Land, plant and machinery	1,070,526	1,517,577

## 40. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions and outstanding balances with related parties during the year:

	2025 RMB'000	2024 RMB'000
Associates:		
Sales of products (note (i))	77,469	80,844
Selling and marketing service income (note (ii))	7,561	45,925
Research and development service (note (ii))	6,001	15,637
Purchases of products (note (ii))	83,561	139,763

Notes:

- (i) The sales to associates were made according to the published prices and conditions offered to the major customers of the Group.

The outstanding balance of the amount due from the associates as at 31 December 2025 was RMB170,303,000(31 December 2024: RMB131,705,000).

- (ii) During the year of 2025, the Group provided selling and marketing services, research and development services to an associate with reference to market prices. Also, the Group made purchases from the associate according to the prices mutually agreed between both parties. The outstanding balance of the amount due to the associate as at 31 December 2025 was RMB34,357,000(31 December 2024: RMB73,295,000).

The outstanding balance of the amount due from the associate as at 31 December 2025 was RMB338,274,000(31 December 2024: RMB285,301,000).

### (b) Loans due from an associate

The Group has provided loans to TEDA Cold Chain Logistics, amounting to RMB10,469,000 (2024: RMB10,309,000), which are unsecured, carrying interest of 1.60% per annum this year and are repayable on demand.

### (c) Key management personnel's remuneration

Remuneration of key management personnel of the Group, including amounts paid to the directors and chief executives as disclosed in note 10 to the financial statements, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	194,134	209,542
Pension scheme contributions	260	301
Employee restricted share award scheme	721	775
Total compensation paid to key management personnel	195,115	210,618

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

# Notes to Financial Statement

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## 41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets

#### 2025

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
	Held for trading RMB'000	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000		
Equity investments designated at fair value through profit or loss	219,232	-	-	-	-	219,232
Financial assets at fair value through profit or loss	10,146,679	2,109,090	-	-	-	12,255,769
Equity investments designated at fair value through other comprehensive income	-	-	-	9,470,879	-	9,470,879
Trade receivables	-	-	-	-	5,645,470	5,645,470
Bills receivable	-	-	618,117	-	-	618,117
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	1,644,090	1,644,090
Amount due from related companies	-	-	-	-	376,400	376,400
Bank deposit	-	-	-	-	10,248,000	10,248,000
Cash and bank balances	-	-	-	-	12,180,729	12,180,729
<b>Total</b>	<b>10,365,911</b>	<b>2,109,090</b>	<b>618,117</b>	<b>9,470,879</b>	<b>30,094,689</b>	<b>52,658,686</b>

# Notes to Financial Statements

31 December 2025

## 41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Financial assets (continued)

2024

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
	Held for trading RMB'000	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000		
Equity investments designated at fair value through profit or loss	76,859	-	-	-	-	76,859
Financial assets at fair value through profit or loss	4,950,829	4,439,113	-	-	-	9,389,942
Equity investments designated at fair value through other comprehensive income	-	-	-	10,911,529	-	10,911,529
Trade receivables	-	-	-	-	4,271,554	4,271,554
Bills receivable	-	-	696,006	-	-	696,006
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	1,757,577	1,757,577
Amount due from related companies	-	-	-	-	295,610	295,610
Bank deposit	-	-	-	-	9,365,805	9,365,805
Cash and bank balances	-	-	-	-	9,569,584	9,569,584
<b>Total</b>	<b>5,027,688</b>	<b>4,439,113</b>	<b>696,006</b>	<b>10,911,529</b>	<b>25,260,130</b>	<b>46,334,466</b>

# Notes to Financial Statement

31 December 2025

## 41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial liabilities

2025

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	-	1,497,288	1,497,288
Financial liabilities included in other payables and accruals	-	9,025,196	9,025,196
Interest-bearing bank borrowings	-	15,979,414	15,979,414
Amounts due to related companies	-	47,019	47,019
Contingent consideration	181,476	-	181,476
<b>Total</b>	<b>181,476</b>	<b>26,548,917</b>	<b>26,730,393</b>

2024

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	-	1,497,461	1,497,461
Financial liabilities included in other payables and accruals	-	7,159,259	7,159,259
Interest-bearing bank borrowings	-	9,582,577	9,582,577
Convertible bonds – debt component	-	16,243	16,243
Amounts due to related companies	-	73,295	73,295
Dividend payable	-	153,207	153,207
Contingent consideration	210,615	-	210,615
<b>Total</b>	<b>210,615</b>	<b>18,482,042</b>	<b>18,692,657</b>

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## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Equity investments designated at fair value through profit or loss	219,232	76,859	219,232	76,859
Financial assets at fair value through profit or loss	10,146,679	4,950,829	10,146,679	4,950,829
Non-current: Financial assets at fair value through profit or loss	2,109,090	4,439,113	2,109,090	4,439,113
Equity investments designated at fair value through other comprehensive income	9,470,879	10,911,529	9,470,879	10,911,529
Bill receivables	618,117	696,006	618,117	696,006
<b>Total</b>	<b>22,563,997</b>	<b>21,074,336</b>	<b>22,563,997</b>	<b>21,074,336</b>
	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial liabilities				
Interest-bearing bank borrowings	15,979,414	9,582,577	15,979,414	9,582,577
Contingent consideration	181,476	210,615	181,476	210,615
Convertible bonds-debt component	-	16,243	-	16,243
<b>Total</b>	<b>16,160,890</b>	<b>9,809,435</b>	<b>16,160,890</b>	<b>9,809,435</b>

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Management has assessed that the fair values of cash and bank balances, bank deposit, amount due from related companies, trade receivable, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, dividend payable and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

The fair values of the listed equity investments are based on quoted market prices.

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## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair value of convertible bonds – debt component is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value

As at 31 December 2025

	Fair value using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through profit or loss	219,232	-	-	219,232
Financial assets at fair value through profit or loss	-	10,146,679	-	10,146,679
Non-current: Financial assets at fair value through profit or loss	-	-	2,109,090	2,109,090
Bill receivables	-	618,117	-	618,117
Equity investments at fair value through other comprehensive income	582,383	-	8,888,496	9,470,879

As at 31 December 2024

	Fair value using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through profit or loss	76,859	-	-	76,859
Financial assets at fair value through profit or loss	-	4,950,829	-	4,950,829
Non-current: Financial assets at fair value through profit or loss	-	-	4,439,113	4,439,113
Bill receivables	-	696,006	-	696,006
Equity investments at fair value through other comprehensive income	12,069	-	10,899,460	10,911,529

## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Liabilities measured at fair value

As at 31 December 2025

	Fair value using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Contingent consideration	-	-		181,476	181,476

As at 31 December 2024

	Fair value using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Contingent consideration	-	-		210,615	210,615

#### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

#### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in level 2.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

During the year, there were no transfers of fair value measurements among Level 1, Level 2 and Level 3.

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## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Liabilities measured at fair value (continued)

#### (c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted investment (non-current) at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of the contingent consideration has been estimated by using a discounted cash flow valuation model based on the projected performance of the acquiree.

The fair value of the derivative component of convertible bonds has been estimated using the binomial option pricing model.

The recurring fair value measurement for the Group’s financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income were performed using significant unobservable inputs (Level 3) as at 31 December 2025. Below is a summary of the valuation techniques used and the key input to the valuation:

	Valuation techniques	Significant unobservable inputs
<b>Financial assets</b>		
Unlisted equity investments, at fair value	Valuation multiples	Average P/B, P/R&D, P/S, P/E, or EV/S multiple of peers P/B:0.4-4.2 P/R&D:3.1-55.7 P/S:1.09-21.8 P/E: 9.7-72.8 EV/S:10.4.-13.14
<b>Financial liabilities</b>		
Contingent consideration	Discounted cash flow method	Profit forecasting

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign currency risk

Foreign exchange risk arises from the change in foreign exchange rates that may have an adverse effect on the Group in the current reporting year and in the future years. Most of the assets and liabilities of the Group were denominated in Renminbi and Hong Kong dollar. In the Chinese mainland, foreign investment enterprises are authorised to convert Renminbi to foreign currencies in respect of the current account items (including payment of dividend and profit to a foreign joint venture partner).

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and EUR exchange rates, with all other variables held constant of the group's equity (arising from USD and EUR denominated financial instruments):

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
<b>2025</b>			
If Renminbi weakens against the Hong Kong dollar	5	93,181	77,806
If Renminbi strengthens against the Hong Kong dollar	(5)	(93,181)	(77,806)
If Renminbi weakens against the United States dollar	5	10,856	9,064
If Renminbi strengthens against the United States dollar	(5)	(10,856)	(9,064)
<b>2024</b>			
If Renminbi weakens against the United States dollar	5	76,944	1,622
If Renminbi strengthens against the United States dollar	(5)	(76,944)	(1,622)
If Renminbi weakens against the EUR	5	466	3,820
If Renminbi strengthens against the EUR	(5)	(466)	(3,820)

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, equity investments at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

### Liquidity risk

The Group's liquidity remained strong as at the end of the reporting period. During the year, the Group's primary source of funds was cash derived from operating activities and investment income. The directors consider that the Group's exposure to liquidity risk is not significant.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### 2025

	On demand or less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	1,497,288	-	-	-	1,497,288
Financial liabilities included in other payables and accruals	9,025,196	-	-	-	9,025,196
Contingent consideration	-	12,779	101,314	112,063	226,156
Lease liabilities	8,490	16,144	62,955	5,878	93,467
Interest-bearing bank borrowings	2,008,554	6,474,217	3,193,392	5,266,008	16,942,171
<b>Total</b>	<b>12,539,528</b>	<b>6,503,140</b>	<b>3,357,661</b>	<b>5,383,949</b>	<b>27,784,278</b>

#### 2024

	On demand or less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	1,497,461	-	-	-	1,497,461
Financial liabilities included in other payables and accruals	7,159,259	-	-	-	7,159,259
Convertible bonds - debt component	16,283	-	-	-	16,283
Contingent consideration	-	9,125	151,355	190,056	350,536
Lease liabilities	10,319	19,116	77,093	7,940	114,468
Interest-bearing bank borrowings	1,079,714	6,534,959	1,877,913	185,516	9,678,102
<b>Total</b>	<b>9,763,036</b>	<b>6,563,200</b>	<b>2,106,361</b>	<b>383,512</b>	<b>18,816,109</b>

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments designated at fair value through profit or loss (note 23) and equity investments at fair value through other comprehensive income (note 21) as at 31 December 2025. The Group's listed investments are listed on the Hong Kong Stock Exchange and New York Stock Exchange, and the investments were valued at quoted market prices at the end of the reporting period. The Group is also exposed to equity price risk arising from changes in the price of the Company's own shares to the extent that the Company's own equity investments underlie the fair values of the derivatives. As at the end of the reporting period, the Group was exposed to this risk through the conversion rights attached to the convertible bonds issued by the Company.

The following table demonstrates the sensitivity to every 1% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
<b>2025</b>			
Investments listed in			
PRC – Financial assets at fair value through profit or loss	161,828	1,618/(1,618)	–
Hong Kong – Financial assets at fair value through profit or loss	9,887	99/(99)	–
US – Financial assets at fair value through profit or loss	65,130	651/(651)	–
Hong Kong – Equity investments at fair value through other comprehensive income	582,383	–	5,824/(5,824)
<b>2024</b>			
Investments listed in			
Hong Kong – Financial assets at fair value through profit or loss	22,420	224/(224)	–
US – Financial assets at fair value through profit or loss	54,439	544/(544)	–
Hong Kong – Equity investments at fair value through other comprehensive income	12,069	–	121/(121)

\* Excluding retained profits

# Notes to Financial Statement

31 December 2025

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group funds its operations principally via its capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

## 44. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented to be consistent with current year presentation.

# Notes to Financial Statements

31 December 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	902	4,870
Investment properties	212,327	246,627
Other intangible assets	–	73,329
Investments in subsidiaries	2,485,110	2,577,302
Interests in associates	48,902	51,168
Equity investments designated at fair value through other comprehensive income	666,512	469,535
Financial assets at fair value through profit or loss	611,918	671,192
Total non-current assets	4,025,671	4,094,023
<b>CURRENT ASSETS</b>		
Due from subsidiaries	13,430,914	13,734,525
Prepayments, other receivables and other assets	425,875	262,791
Equity investments at fair value through profit or loss	189,800	23,377
Cash and bank balances	2,535,152	2,739,224
Financial assets at fair value through profit or loss	761,289	1,192,435
Total current assets	17,343,030	17,952,352
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	190,578	195,366
Interest-bearing bank borrowings	2,670,000	3,157,168
Convertible bonds – debt component	–	16,243
Total current liabilities	2,860,578	3,368,777
<b>NET CURRENT ASSETS</b>	14,482,452	14,583,575
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	18,508,123	18,677,598
<b>NON-CURRENT LIABILITIES</b>		
Loan from subsidiaries	3,808,242	3,917,097
Interest-bearing bank borrowings	1,500,000	1,504,520
Total non-current liabilities	5,308,242	5,421,617
Net assets	13,199,881	13,255,981
<b>EQUITY</b>		
Share capital	413,669	414,384
Treasury shares	(1,956,342)	(1,979,918)
Reserves (note)	14,742,554	14,821,515
Total equity	13,199,881	13,255,981

# Notes to Financial Statement

31 December 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

note:

A summary of the Company's reserve is as follows:

	Share premium account RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	12,420,308	65,051	(12,148,025)	61,581	170,629	11,396,606	11,966,150
Profit for the year	-	-	-	-	-	3,404,673	3,404,673
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	24,952	(24,952)	-
Fair value changes of financial assets	-	-	-	-	33,223	-	33,223
Exchange differences related to foreign operations	-	-	-	422,444	-	-	422,444
Total comprehensive income for the year	-	-	-	422,444	58,175	3,379,721	3,860,340
Recognition of share-based payments	-	-	53,431	-	-	-	53,431
Exercise of restricted shares	-	-	(24,528)	-	-	-	(24,528)
Cancellation of treasury shares	(22,377)	-	-	-	-	-	(22,377)
Final 2023 dividend declared	-	-	-	-	-	(505,636)	(505,636)
Interim 2024 dividend	-	-	-	-	-	(505,865)	(505,865)
At 31 December 2024 and 1 January 2025	<b>12,397,931</b>	<b>65,051</b>	<b>(12,119,122)</b>	<b>484,025</b>	<b>228,804</b>	<b>13,764,826</b>	<b>14,821,515</b>
Profit for the year	-	-	-	-	-	2,023,099	2,023,099
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(4,264)	4,264	-
Fair value changes of financial assets	-	-	-	-	137,286	-	137,286
Exchange differences related to foreign operations	-	-	-	(650,234)	-	-	(650,234)
Total comprehensive income for the year	-	-	-	(650,234)	133,022	2,027,363	1,510,151
Recognition of share-based payments	-	-	46,398	-	-	-	46,398
Exercise of restricted shares	-	-	(46,398)	-	-	-	(46,398)
Cancellation of treasury shares	(86,463)	-	-	-	-	-	(86,463)
Final 2024 dividend declared	-	-	-	-	-	(667,011)	(667,011)
Interim 2025 dividend	-	-	-	-	-	(835,638)	(835,638)
At 31 December 2025	<b>12,311,468</b>	<b>65,051</b>	<b>(12,119,122)</b>	<b>(166,209)</b>	<b>361,826</b>	<b>14,289,540</b>	<b>14,742,554</b>

## 46. EVENTS AFTER THE REPORTING PERIOD

On 13 January 2026, Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. (正大製藥投資(北京)集團有限公司) (being a wholly-owned subsidiary of the Company) (the "Purchaser") entered into the sale and purchase agreement with the vendors, the founders, Hangzhou Hygieia Biomedical Co., Ltd. (杭州赫吉亞生物醫藥有限公司) ("Hygieia"), and three subsidiaries of Hygieia, pursuant to which, the vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire 100% equity interest in Hygieia for a maximum base consideration of RMB1,200,000,000, which will be settled partly in cash and partly by consideration shares.

## 47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.