



Laekna, Inc.

來凱醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2105

2025

ANNUAL REPORT



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DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2024 Share Award Scheme”	the share award scheme adopted by our Company on June 14, 2024, as amended from time to time
“Administrator”	the administrator of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the 2024 Share Award Scheme, where the context so requires
“AE”	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
“Auresertib” or “afuresertib”	an adenosine triphosphate competitive AKT inhibitor
“AGM”	the forthcoming annual general meeting to be held by the Company
“aHSC”	activated hepatic stellate cells
“AKT”	a serine/threonine protein kinase with 3 isoforms (AKT1, AKT2 and AKT3) that participate in multiple pathways regulating several cellular processes, including survival, proliferation, tissue invasion, and metabolism
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of our Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended or supplemented from time to time
“Chief Executive Officer”	the chief executive officer of our Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan, province of China
“CMC”	chemistry, manufacture and control
“Company” or “Our Company”	Laekna, Inc. (來凱醫藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 29, 2016
“date of this report”	March 18, 2026
“Director(s)” or “our Director(s)”	the directors of the Company

DEFINITIONS

“Family Trust”	Ealex LLC, a trust set up by Dr. Lu as settlor, The Bryn Mawr Trust Company of Delaware as trustee and Dr. Lu’s certain family members as the beneficiaries
“FDA”	the United States Food and Drug Administration
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company that provides market survey and consulting services
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “we”, “us” or “our”	our Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HR+/HER2-breast cancer”	the most common type of breast cancer with overexpression of HR and without overexpression of HER2
“IND”	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials; also known as clinical trial application, or CTA, in China
“Laekna HK”	Laekna Limited, a limited liability company incorporated in Hong Kong on August 26, 2016 and one of our Company’s subsidiaries
“Laekna Ningbo”	Laekna Pharmaceutical Ningbo Co., Ltd. (來凱製藥(寧波)有限公司), a limited liability company established under the laws of the PRC on June 29, 2023 and one of our Company’s subsidiaries
“Laekna Therapeutics”	Laekna Therapeutics Shanghai Co., Ltd. (來凱醫藥科技(上海)有限公司), a limited liability company established under the laws of the PRC on December 28, 2016 and one of our Company’s subsidiaries
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	June 29, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“MAD”	multiple ascending dose
“mCRPC”	metastatic castration resistant prostate cancer

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended or supplemented from time to time
“NDA”	new drug application
“Nomination and Corporate Governance Committee”	the nomination and corporate governance committee of the Board
“Novartis”	Novartis Pharma AG, a company organized under the laws of Switzerland
“paclitaxel”	a chemotherapy medication used to treat a number of types of cancer, includes ovarian cancer, esophageal cancer, breast cancer, lung cancer, Kaposi’s sarcoma, cervical cancer, and pancreatic cancer
“PCC”	pre-clinical candidate
“PD”	pharmacodynamics
“PD-L1”	programmed cell death ligand 1
“PFS”	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives without the disease getting worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
“PK”	pharmacokinetics
“Post-IPO Share Option Scheme”	the share option scheme adopted by our Company on June 9, 2023, as amended from time to time
“Post-IPO Share Schemes”	the 2024 Share Award Scheme and the Post-IPO Share Option Scheme
“Pre-IPO Share Option Scheme”	the share option scheme adopted by our Company on April 11, 2018 and amended on October 30, 2019, April 20, 2021 and March 31, 2022, as amended from time to time
“PROC”	platinum resistant ovarian cancer
“Prospectus”	the prospectus of the Company dated June 16, 2023
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of China
“rPFS”	radiographic progression free survival
“SAD”	single ascending dose

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
“Shareholder(s)”	holder(s) of Shares
“Share Option(s)”	the share option(s) granted or to be granted pursuant to the terms and conditions of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
“SOC”	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEAE”	adverse events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment
“TNBC”	triple-negative breast cancer, any breast cancer that tests negative for estrogen receptors, progesterone receptors, and excess HER2
“United States”, “USA” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

In this annual report, unless otherwise indicated, the terms “associate”, “associated corporation”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms under the Listing Rules.

CORPORATE INFORMATION

COMPANY NAME

Laekna, Inc. (來凱醫藥有限公司)

DIRECTORS

Executive Directors

Dr. LU Chris Xiangyang
(Chairman and Chief Executive Officer)

Ms. XIE Ling (謝玲)

Dr. GU Xiang-Ju Justin

Non-executive Directors

Dr. WANG David Guowei

Mr. SUN Yuan (孫淵)

Independent Non-executive Directors

Dr. YIN Xudong

Dr. LI Min

Mr. ZHOU Jian (周健)

AUDIT COMMITTEE

Mr. ZHOU Jian (周健) *(Chairperson)*

Dr. WANG David Guowei

Dr. LI Min

REMUNERATION COMMITTEE

Dr. YIN Xudong *(Chairperson)*

Ms. XIE Ling (謝玲)

Mr. ZHOU Jian (周健)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. LU Chris Xiangyang *(Chairperson)*

Ms. XIE Ling (謝玲)

(appointed with effect from December 12, 2025)

Dr. YIN Xudong

Dr. LI Min

Mr. ZHOU Jian (周健)

(appointed with effect from December 12, 2025)

JOINT COMPANY SECRETARIES

Mr. KE Chenyu (柯晨煜)

Ms. HO Wing Nga (何詠雅)

AUTHORIZED REPRESENTATIVES

Ms. XIE Ling (謝玲)

Ms. HO Wing Nga (何詠雅)

AUDITOR

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

LEGAL ADVISER

As to Hong Kong law:

Davis Polk & Wardwell

10th Floor

The Hong Kong Club Building

3A Chater Road

Hong Kong

REGISTERED OFFICE

4th Floor

Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman

KY1-1002

Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3-2-467, 5 Xingbin Road (Lin Li Center)
Sino-Italy Ningbo Ecological Park
Yuyao
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Bank of Ningbo Shanghai Zhangjiang Branch
No. 350 Chunxiao Road
Pudong New District
Shanghai
PRC

China Merchants Bank Shanghai Zhangjiang Branch
1/F, Building 1
German Center
No. 88 Keyuan Road
Pudong New District
Shanghai
PRC

Agricultural Bank of China Ningbo Branch
No. 518 Zhongshan East Road
Ningbo
PRC

Industrial and Commercial Bank of China (Asia) Limited
33/F ICBC Tower
3 Garden Road
Central, Hong Kong

STOCK CODE

2105

COMPANY WEBSITE

www.laekna.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Laekna, Inc. (the "**Company**"), I would like to express my sincere gratitude for your continuous trust and support to the Company and our management team. During the Reporting Period, we achieved significant progress across our drug candidate pipelines and business operations.

LAE102 is our internally discovered monoclonal antibody against ActRIIA. Blocking Activin-ActRII pathway could promote muscle regeneration and reduce fat mass, positioning LAE102 as a promising drug candidate for muscle-preserving weight control. In 2025, we successfully completed the Phase I SAD and MAD study of LAE102 in China. The Phase I studies in China demonstrated a well-tolerated safety profile, with no serious adverse events. There was no diarrhea, muscle spasm or acne reported. The Phase I MAD Study demonstrated encouraging trends toward lean body mass increase and fat mass reduction. At week 5, the LAE102 6 mg/kg group exhibited a 4.6% increase in mean lean body mass and a 3.6% reduction in mean fat mass compared to the placebo control group. Following the positive one-month results observed in the early MAD study, the Phase I multiple dose expansion study was initiated to further evaluate the efficacy and safety profile of LAE102 over a longer treatment duration.

In March 2026, the Group announced successful completion, in collaboration with Eli Lilly and Company, of the Phase I single ascending dose study (the "**U.S. SAD Study**") of LAE102 in the U.S. Consistent with the prior safety profile of LAE102, the U.S. SAD Study demonstrated a well-tolerated safety profile, with no serious adverse events reported. The U.S. SAD Study showed encouraging trends in body composition improvements following administration of a single dose. Dose dependent effects on lean body mass increase and fat mass reduction were observed. On Day 29 following a single dose of LAE102, the group with the highest exposure exhibited a 5.06% increase in mean lean body mass from baseline (placebo group has 1.34% reduction from baseline) and a 0.12% decrease in mean fat mass from baseline (placebo group has 2.11% increase from baseline). These positive results added to a growing body of data supporting LAE102 as a therapeutic approach to obesity.

Laekna team has accumulated tremendous experience and extensive knowhow in this specific field and is developing, in addition to LAE102, more drug candidates to maximize the value of targeting ActRII receptors. LAE103 is an ActRIIB-selective antibody and LAE123 is an ActRIIA/IIB dual antagonistic monoclonal antibody. Both are our internally discovered antibodies for muscle and other disease indications. The Group has commenced the Phase I single ascending dose study of LAE103, in Australia and dosed the first subject in December 2025. LAE123 is advancing through IND-enabling studies, targeting IND submission in 2026. The Group has established a comprehensive ActRII portfolio and strives to unleash the clinical value of our drug candidate pipeline.

In the cancer area, we have built a portfolio of drug candidates, including LAE002 (afuresertib), LAE001 and other pre-clinical drug candidates. In December 2025, the Group completed study recruitment of the Phase III Clinical Trial AFFIRM-205 in China for LAE002 (afuresertib, an oral AKT inhibitor) plus fulvestrant in patients with PIK3CA/AKT1/PTEN alterations and HR+/HER2-locally advanced or metastatic breast cancer. We target to readout the topline data of this phase III pivotal study in the first half of 2026, followed by submission of the new drug application to the center for drug evaluation of China's National Medical Products Administration. During the Reporting Period, the Group and Qilu Pharmaceutical Company Limited ("**Qilu Pharma**") have entered into an exclusive licensing agreement (the "**License Agreement**"). Under the license agreement, the Group is entitled to receive non-refundable upfront and clinical development milestone payments up to RMB530 million upon NDA approval for the first indication in China. The Group is also eligible to receive up to RMB2,045 million in total in upfront and milestone payments and tiered royalties on future net sales of LAE002 (afuresertib) in the China region, at percentages ranging from the low teens to the low twenties.

CHAIRMAN'S STATEMENT

Regarding our pre-clinical assets, the Group plans to complete PCC declaration for LAE124, a small molecule dual amylin and calcitonin receptor agonist (DACRA) in 2026. In February 2026, the Group has obtained IND approval from the U.S. FDA for LAE118, a novel PI3K α pan-mutant selective inhibitor for the treatment of patients with PIK3CA-mutant solid tumors. Building on our proven track record in successfully developing and out-licensing LAE002 (afuresertib), we aim to bring this precision therapy to patients who are in need of novel treatment options. We keep focusing on our in-house discoveries and are committed to addressing the high unmet medical needs of underserved patients.

It is clear that strict financial discipline is essential to success and we believe diligence in financial matters will separate the winners from the rest. The Group maintains solid financial positions. Our cash and bank balances and time deposits balances as of December 31, 2025, were RMB1,262.4 million. The Group would continue to focus on the prioritized clinical programs and to maximize the value of our financial resources.

With the support of our Board and our management team, I am confident that our business will continue to grow and to develop healthily in the long run. We are committed to bringing life-changing medicines to more people around the world. I look forward to further reporting to the shareholders at the coming annual general meeting in respect of the effective stewardship of the Company's business and assets and the continuous delivery of value to our shareholders.

Dr. LU, Chris Xiangyang

Chairman, Executive Director and Chief Executive Officer

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue	106,719	–
Gross profit	86,419	–
Research and development expenses	249,901	215,115
Loss for the year	229,318	254,296
Total comprehensive loss for the year	253,706	242,949

Our revenue amounted to RMB106.7 million in 2025, which derived from the out-licensing transaction of LAE002 (afuresertib) with Qilu Pharma.

Our research and development expenses increased by RMB34.8 million or 16.2% from RMB215.1 million in 2024 to RMB249.9 million in 2025. Such increase was primarily attributable to increased expenses related to ActRII portfolio, including LAE102, LAE103 and LAE123, and the increase in equity settled share-based payment expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a science-driven, clinical-stage biotechnology company committed to bringing novel therapeutics to patients with metabolic diseases, cancer and liver fibrosis around the world. We have assembled a seasoned management team with extensive experience and expertise covering the full cycle of drug discovery and development process, from pre-clinical asset discovery, clinical trial design and execution to regulatory process management and drug manufacturing. As of December 31, 2025, we were supported by a talented R&D team consisting of 59 employees, with 11 holding doctorate degrees and 30 holding master's degrees. Our core management team has established a long track record of accomplishment, leadership and deep knowledge in their respective fields.

We focus on specific fields where we have accumulated tremendous experience and extensive know-how. As of December 31, 2025, we have initiated seven clinical trials for LAE102, LAE103, LAE002 (afuresertib), LAE001 and LAE005 to address unmet medical needs in obesity and cancers.

Globally, the number of people living with obesity is set to reach over 1.1 billion by 2030¹. The causes of obesity are complex and, so often, it puts people on a path to other diseases — not only diabetes, but also heart and liver diseases, cancers and many more. There are growing understandings of the critical need to treat obesity among both the medical community and the public, while an increasing number of people living with such disease are actively seeking support.

In the field of cancer, we have observed notable progress in treatment over the past decade. However, a significant proportion of cancer patients still find themselves in the absence of effective or safe treatments. The quality of life of those patients is severely affected, primarily attributable to SOC treatment resistance and/or intolerable toxicity, resulting in a large unmet medical need and a socioeconomic burden. Among those cancers of unmet medical need, HR+/HER2- metastatic breast cancer (HR+/HER2- mBC), mCRPC, PROC and triple negative breast cancer (TNBC) are some of the diseases with limited SOC options and unsatisfactory treatment outcomes.

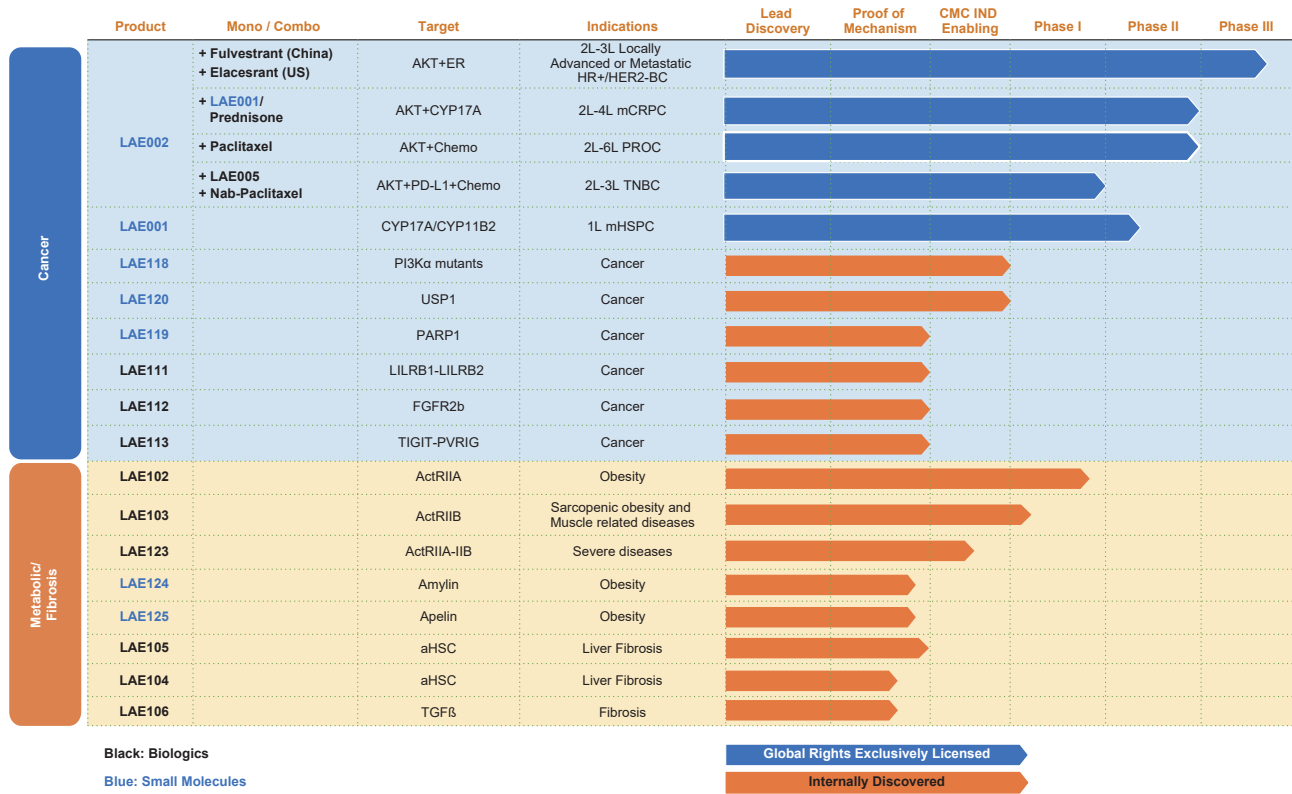
We are committed to advancing and expanding our product portfolio in therapeutic areas where we have accumulated deep expertise and extensive know-how and to delivering life-changing therapies to address unmet medical needs.

¹ World Obesity Atlas, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

PIPELINE

The following chart summarizes the development status of our clinical and pre-clinical stage drug candidates as of the date of this report:



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended December 31, 2025, the Company achieved significant progress across its drug candidate pipeline and business operations, including the following milestones and achievements.

LAE102 in Obesity, Phase I

LAE102 is our internally discovered monoclonal antibody against ActRIIA. Blocking Activin-ActRII pathway could promote muscle regeneration and reduce fat mass, positioning LAE102 as a promising drug candidate for muscle-preserving weight control.

In January 2025, the Group announced positive results from the SAD Study of LAE102 for the treatment of obesity. The study enrolled 40 participants in Part A (IV) and 24 participants in Part B (SC). All participants were healthy volunteers and completed the study as designed. The mean age was 29.0 years and 31.2 years, with the mean BMI 23.32 kg/m² and 23.08 kg/m² in Part A and Part B, respectively. Baseline demographic and clinical characteristics were generally balanced across the IV and SC cohorts of the study. Overall, LAE102 was well tolerated following a single IV or SC dose. No serious adverse events or TEAEs leading to discontinuation of treatment were reported. The majority of the TEAEs were mild laboratory test abnormalities, which were asymptomatic and did not require medical intervention. There was no reported case of diarrhea. Activin A levels increased rapidly within 24 hours following a single intravenous or subcutaneous dose of LAE102, with the duration of elevated Activin A levels shown to be dose-dependent. In the high-dose groups, 2-to-3-fold increases above baseline were maintained through 28 days post-administration, indicating prolonged pathway blockade. The robust PK/PD correlation supports potential efficacy and provides a strong rationale for further clinical development of LAE102 in overweight and obese populations, thereby establishing a solid foundation for the MAD Study. Detailed study results were presented at the 85th Scientific Sessions of the ADA in June 2025.

The Group had commenced subject recruitment for the Phase I MAD Study of LAE102 by the end of March 2025. The MAD Study is a randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of LAE102, administered subcutaneously, in overweight/obese subjects. The MAD Study enrolled overweight/obese subjects with an average BMI of 29.4 kg/m², including 3 subcutaneous ascending dose cohorts, given weekly for 5 doses). The preliminary results demonstrated encouraging trends toward increased lean body mass and reduced fat mass. At week 5, the LAE102 6 mg/kg group exhibited a 1.7% increase in mean lean body mass and a 2.2% reduction in mean fat mass compared to the baseline. Adjusted from the placebo control group, the mean lean body mass is increased by 4.6%, whereas the mean fat mass is reduced by 3.6%. Consistent with the prior Phase I SAD Study of LAE102, the MAD Study demonstrated a well-tolerated safety profile, with no serious adverse events reported. Majority of TEAEs were mild (grade 1) and transient laboratory test abnormality. No cases of diarrhea, muscle spasm or acne were observed. The safety profile was consistent with prior data and no new safety signals emerged. LAE102 serum concentration reached steady state after 5 weekly subcutaneous injections and the PK profile was consistent with that observed in the SAD Study. The robust PK/PD correlation further demonstrates the potential efficacy of LAE102 in overweight and obese populations.

Following the positive one-month results observed in the early MAD study, the pre-planned Multiple Dose Expansion Study was initiated to further evaluate the efficacy and safety profile of LAE102 over a longer treatment duration. In December 2025, the Group commenced subject recruitment for this study and dosed the first participant. The Phase I Multiple Dose Expansion Study is a randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of LAE102, administered subcutaneously, in overweight/obese subjects. A total of 60 participants were enrolled and randomized to receive either LAE102 or placebo for a 6-month treatment period.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2026, the Group announced successful completion, in collaboration with Eli Lilly and Company, of the Phase I single ascending dose study (the “**U.S. SAD Study**”) of LAE102 in the U.S. Consistent with the prior safety profile of LAE102, the U.S. SAD Study demonstrated a well-tolerated safety profile, with no serious adverse events reported. The U.S. SAD Study showed encouraging trends in body composition improvements following administration of a single dose. Dose-dependent effects on lean body mass increase and fat mass reduction were observed. On Day 29 following a single dose of LAE102, the group with the highest exposure exhibited a 5.06% increase in mean lean body mass from baseline (placebo group has 1.34% reduction from baseline) and a 0.12% decrease in mean fat mass from baseline (placebo group has 2.11% increase from baseline). These positive results added to a growing body of data supporting LAE102 as a therapeutic approach to obesity.

Laekna team has accumulated tremendous experience and extensive know-how in this field and, in addition to LAE102, is developing additional drug candidates to maximize the therapeutic potential of targeting ActRII receptors. LAE103 is an ActRIIB-selective antibody and LAE123 is an ActRIIA/IIB dual antagonistic monoclonal antibody. Both are our internally discovered antibodies for muscle and other disease indications.

The results of the pre-clinical studies of LAE102, LAE103 (an ActRIIB selective antibody) and LAE123 (an ActRIIA/IIB dual antagonistic monoclonal antibody) as therapeutics for muscle growth and fat reduction were presented at the 85th Scientific Sessions of ADA in June 2025. LAE102, LAE103, and LAE123 are high-affinity functional antagonists that completely inhibit signaling transduced by ligands such as activin A, B, AB, and MSTN, all of which are known to contribute to muscle atrophy. In addition, they inhibit activin E and GDF3, which promote lipid accumulation in adipose tissue. In mouse models, LAE102 alone significantly induced muscle growth and reduced fat mass. Notably, a synergistic effect on muscle increase and fat loss was observed when LAE102 was combined with LAE103, achieving maximal efficacy comparable to the ActRIIA/IIB dual antagonistic monoclonal antibody LAE123. These findings indicate that ActRIIA is a major regulator of muscle growth and fat loss in mice. LAE102 demonstrates strong potential as a muscle-preserving weight management therapy with a favorable safety profile, while LAE123 could be utilized in the treatment of severe diseases requiring complete inhibition of both ActRIIA and ActRIIB.

The Group obtained IND approval from the U.S. FDA for LAE103 in July 2025 and subsequently initiated the Phase I SAD Study of LAE103 in Australia, dosing the first subject in December 2025. The LAE103 SAD Study is a randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of LAE103, administered subcutaneously, in healthy overweight or obese participants. The Group targets to read out the topline data of this SAD study in the third quarter of 2026.

LAE123 is progressing through IND-enabling studies, with IND submission targeted for 2026. The Group has established a comprehensive ActRII portfolio and is engaged in discussions with potential partners for strategic collaborations to accelerate development and commercialization of our ActRII portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

LAE002 (afuresertib)

Afuresertib is an adenosine triphosphate (ATP) competitive AKT inhibitor. We in-licensed Afuresertib from Novartis in 2018. Prior to our in-licensing, 11 clinical trials had been conducted to demonstrate the safety and efficacy profiles of Afuresertib by Novartis and GSK.

LAE002 (afuresertib) + Fulvestrant in HR+/HER2- breast cancer, Phase III

The Group commenced the Phase III Clinical Trial AFFIRM-205 in China for LAE002 (afuresertib, an oral AKT inhibitor) plus fulvestrant in patients with PIK3CA/AKT1/PTEN alterations and HR+/HER2-LA/mBC in May 2024. The Phase III Clinical Trial AFFIRM-205 is a multi-center, randomized, double-blind, placebo-controlled pivotal study to further assess the anti-tumor efficacy and safety of the combination therapy. Study recruitment was completed in December 2025. The Group expects the topline data readout from this Phase III pivotal study to be presented in the first half of 2026, followed by submission of the NDA to the center for drug evaluation of China's National Medical Products Administration later in the year.

In February 2026, an article titled "**Afuresertib plus fulvestrant for pretreated HR-positive, HER2-negative, advanced breast cancer: a phase Ib trial**" was published in *Nature Communications*, a leading international scientific journal. The article primarily reports the results of this Phase Ib clinical trial, which evaluated afuresertib in combination with fulvestrant for the treatment of pretreated HR-positive/HER2-negative advanced breast cancer. The findings indicate that this combination regimen demonstrates promising anti-tumor activity and a well-tolerated safety profile in this patient population.

During the Reporting Period, the Group and Qilu Pharma have entered into the License Agreement. Subject to terms and conditions of the License Agreement, Qilu Pharma is granted an exclusive license for research, development, and commercialization of LAE002 (afuresertib) in the China region (including Chinese Mainland, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Group is responsible for completing the ongoing HR+/HER2- breast cancer Phase III clinical trial (AFFIRM-205). In return, the Group is entitled to receive non-refundable upfront and clinical development milestone payments up to RMB530 million upon NDA approval for the first indication in China. Under the License Agreement, the Group is eligible to receive up to RMB2,045 million in total in upfront and milestone payments and is also entitled to receive tiered royalties on future net sales of LAE002 (afuresertib) in the Licensed Territory, at percentages ranging from the low teens to the low twenties. The Group can leverage this opportunity to accelerate the regulatory approval and commercialization of LAE002 (afuresertib) in the Licensed Territory and maximize its commercial value.

LAE002 (afuresertib) +LAE001/prednisone in mCRPC, Phase II

We completed a Phase II multi-region clinical trial of LAE201 in 40 patients with mCRPC following SOC treatment in 2024. The trial is an open-label, dose-escalation and dose expansion study to assess the efficacy and safety of the combination candidate. The study demonstrated promising treatment benefit for mCRPC patients. The median rPFS was 8.1 months. This is a significant improvement compared to the median rPFS of 2 to 4 months of mCRPC patients under the standard treatments historically. The combination therapy was generally tolerable with manageable treatment emergent adverse events and recoverable after routine treatments.

Design of the Phase III pivotal trial of LAE201 in patients with mCRPC following SOC treatment has been discussed with FDA. In May 2024, the Group obtained approval from FDA for the protocol of this Phase III clinical trial. We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE002 (afuresertib) and LAE001 to address the great unmet medical need of the cancer therapeutic area.

Subject to the research and development progress of LAE002, it is expected that LAE002 will reach commercialization within next two years.

MANAGEMENT DISCUSSION AND ANALYSIS

LAE001

LAE001 is an androgen synthesis inhibitor that inhibits both CYP17A1 and CYP11B2. We in-licensed LAE001 from Novartis in 2017. According to Frost & Sullivan, LAE001 is the only dual CYP17A1/CYP11B2 inhibitor in clinical trials for the treatment of prostate cancer globally. As a dual CYP17A1/CYP11B2 inhibitor, LAE001 can block both androgen and aldosterone synthesis and potentially be administered without prednisone, the short-term high dose or long-term exposure of which can lead to a variety of adverse events.

We completed a Phase I clinical trial of LAE001 as a monotherapy and a Phase II clinical trial of LAE001 plus LAE002 (afuresertib) in patients with mCRPC to assess the safety and efficacy of the therapies. Design of the Phase III pivotal trial of LAE201 in patients with mCRPC following SOC treatment has been discussed with FDA and approval of the same was obtained in May 2024. We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE001 to address the unmet medical need for cancer therapies.

Subject to the research and development progress of LAE001, it is expected that LAE001 will reach commercialization within next six years.

LAE005

LAE005 is a high-affinity, ligand-blocking, humanized anti-PD-L1 IgG4 antibody. In pre-clinical and clinical studies, LAE005 demonstrated its strong binding avidity to PD-L1 and compelling anti-tumor activities. Specifically, we are evaluating the therapeutic potential of the combination therapy of LAE002 (afuresertib) and LAE005 in patients with triple-negative breast cancer (the “TNBC”). We believe LAE005 has the potential to serve as an effective therapy for TNBC, particularly when combined with other synergistic mechanisms.

The results of our Phase I clinical trial of LAE002 (afuresertib) in combination with LAE005 (anti-PDL1 mAb) plus nab-paclitaxel for the treatment of TNBC were presented at the AACR in April 2024. A total of 22 subjects with advanced solid tumors were enrolled and dosed in this Phase I study, among which there were 14 TNBC subjects who completed at least 2 cycles of treatment and had at least 1 tumor assessment. The median value of previous treatment lines of these 14 subjects was 1.5 (0-3). Among them, five showed confirmed partial response (ORR 35.7%), four had stable disease (28.6%), resulting in a disease control rate (DCR) of 64.3% in the best response assessment. The median duration of response (DOR) was 9.26 months. Five TNBC subjects were treated for more than 32 weeks, with one subject reaching a duration of 73 weeks. This case study has been selected for the “Chinese Clinical Case Achievement Database” (with the PFS of this case being 16 months as of September 28, 2023). We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE005, addressing the significant unmet medical need in cancer therapies.

CAUTIONARY STATEMENT: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET THE RELEVANT PRODUCTS, OR ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

FINANCIAL REVIEW

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

Revenue

Our revenue amounted to RMB106.7 million in 2025, which derived from the out-licensing transaction of LAE002 (afuresertib) pursuant to the License Agreement the Group entered into with Qilu Pharma.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Our cost of sales amounted to RMB20.3 million in 2025, mainly consisted of clinical development expenses related to Phase III Clinical Trial AFFIRM-205.

Other Income

Our other income increased by RMB6.7 million or 17.5% from RMB38.2 million in 2024 to RMB44.9 million in 2025, which was primarily attributable to the increase in government grants.

Administrative Expenses

Our administrative expenses increased by RMB32.4 million or 43.7% from RMB74.1 million in 2024 to RMB106.5 million in 2025, which was primarily attributable to the increase in equity settled share-based payment expenses.

Research and Development Expenses

Our research and development expenses increased by RMB34.8 million or 16.2% from RMB215.1 million in 2024 to RMB249.9 million in 2025, which was primarily attributable to increased expenses related to ActRII portfolio, including LAE102, LAE103 and LAE123, and the increase in equity settled share-based payment expenses.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Staff costs	96,714	78,679
Discovery research expenses	57,365	27,948
Clinical development expenses	86,155	78,633
Clinical trial milestone payment	–	17,785
Others	9,667	12,070
Total	249,901	215,115

Liquidity and Financial Resource

As of December 31, 2025, the current assets of the Group were RMB1,272.6 million, including cash and bank balances of RMB1,243.2 million, time deposits with an original maturity over three months of RMB19.2 million and other current assets of RMB10.2 million. Among them, the Group's cash and bank balances increased by RMB606.8 million or 95.3% to RMB1,243.2 million as of December 31, 2025 from RMB636.4 million as of December 31, 2024. The Group's time deposits decreased to RMB19.2 million as of December 31, 2025 from RMB163.6 million as of December 31, 2024. As of December 31, 2025, the current liabilities of the Group were RMB229.6 million, including other payables of RMB75.4 million, interest-bearing bank loans of RMB117.4 million, contract liabilities of RMB34.8 million and current lease liabilities of RMB2.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Our cash and bank balances and time deposits balances as of December 31, 2025, were RMB1,262.4 million, of which RMB109.2 million, RMB1,152.0 million and RMB1.2 million were denominated in RMB, USD, and HKD, respectively, representing an increase of 57.8% as compared to the cash and bank balances and time deposits balances of RMB800.0 million as of December 31, 2024. The increase was primarily attributable to the proceeds from the Placing in September 2025 and upfront payment received by the Group from our out-licensing transaction pursuant to the License Agreement the Group entered into with Qilu Pharma.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. We have formulated internal control measures to control our process of investment in wealth management products. Prior to making an investment, we ensure that there remains sufficient working capital for our operations, R&D activities and capital expenditures. In 2025, we funded our operations primarily through equity financing, upfront payment from our out-licensing transaction and bank loans. With the continuing expansion of our business and development of new drug candidates, we will use the net proceeds raised from the Global Offering and the placing in November 2024 and September 2025, and may require further funding through public or private equity offerings, debt financing and other sources.

Bank Loans

Our bank loans as of December 31, 2025 were RMB117.4 million (December 31, 2024: RMB99.0 million), all of which were denominated in RMB and carried fixed nominal interest rates ranging from 2.37% to 3.85% per annum.

Current ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of December 31, 2025, was 5.54 (December 31, 2024: 5.48).

Gearing ratio

Gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As of December 31, 2025, the Group was in a net cash position and thus, gearing ratio is not applicable.

Foreign Currency Risk

We have transactional currency exposures. Certain of our cash and bank balances, time deposits, prepayments, other receivables and other payables are denominated in non-functional currencies and exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

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

Significant Investments Held

As of December 31, 2025, the Group did not hold any significant investments. Save as disclosed in this report, as of December 31, 2025, the Group did not have future plans for material investments and investment in capital assets.

Pledge of Assets

As at December 31, 2025, deposits of RMB4.1 million were pledged to secure issuance of a bank letter of guarantee.

Employees and Remuneration Policies

As of December 31, 2025, the Group had 83 employees. The total employee benefit expenses for 2025, including share-based payment expenses, were RMB188.8 million, as compared to RMB134.7 million for 2024. Such increase was primarily attributable to the increase in equity settled share-based payment expenses.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations.

We adopted the Post-IPO Share Option Scheme on June 9, 2023, which was immediately prior to Listing. We further adopted the 2024 Share Award Scheme on June 14, 2024. Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

Material Acquisitions and Disposals

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

Use of Net Proceeds from the Global Offering

On June 29, 2023, 63,728,000 shares of US\$0.00001 each were issued at a price of HK\$12.41 per share in connection with the Company's listing on the Main Board of the Stock Exchange. The net proceeds of HK\$724.4 million from the Global Offering were utilised during the Reporting Period, and the unutilized net proceeds are intended to be used, in accordance with the intended use of proceeds as previously set out in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

The below table sets out the proposed and actual applications of the net proceeds from the Listing Date to December 31, 2025:

Intended use of Net Proceeds	Net Proceeds from the Global Offering <i>(HK\$ million)</i>	Approximate % of total Net Proceeds	Unutilized Net Proceeds from the Global Offering as of January 1, 2025 <i>(HK\$ million)</i>	Utilized Net	Utilized Net	Unutilized Net	Expected timeline of full utilization of the unutilized Net Proceeds ⁽¹⁾
				Proceeds from the Global Offering during the year ended December 31, 2025 <i>(HK\$ million)</i>	Proceeds from the Global Offering as of December 31, 2025 <i>(HK\$ million)</i>	Proceeds from the Global Offering as of December 31, 2025 <i>(HK\$ million)</i>	
For rapidly advancing the clinical development and approval of our Core Products, i.e. LAE001 and LAE002 (afuresertib)	407.8	56.3%	181.0	87.7	314.5	93.3	Before December 31, 2026
For accelerating the research and development of other existing pipeline products and continuously advancing and improving our pipeline products	150.7	20.8%	35.6	35.6	150.7	-	
For improving our production capabilities and developing our manufacturing capacities	71.7	9.9%	66.8	-	4.9	66.8	Before December 31, 2027
For business development activities and enhancing our global reach	55.1	7.6%	34.7	15.4	35.8	19.3	Before December 31, 2026
For working capital and other general corporate purposes	39.1	5.4%	-	-	39.1	-	

Note:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Net Proceeds from the Placing in November 2024

On November 27, 2024, the Company completed a placing of an aggregate of 17,636,000 placing shares to not less than six placees at a price of HK\$13.36 per placing share pursuant to the terms and conditions of the placing agreement dated November 21, 2024. The gross proceeds from the placing were approximately HK\$235.6 million. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$230.4 million. The net proceeds from the placing were utilised during the Reporting Period, and the unutilized net proceeds are intended to be used, in accordance with the intended use of proceeds as previously set out in the announcement of the Company dated November 21, 2024.

The below table sets out the proposed and actual applications of the net proceeds during the Reporting Period:

Intended Use of Net Proceeds	Net Proceeds from the Placing (HK\$ million)	Approximate % of Total Net Proceeds	Utilized Net Proceeds				Expected Timeline of Full Utilization of the Unutilized Net Proceeds ⁽¹⁾
			Unutilized Net Proceeds from the Placing as of January 1, 2025 (HK\$ million)	Utilized from the Placing during the year ended December 31, 2025 (HK\$ million)	Utilized Net Proceeds from the Placing as of December 31, 2025 (HK\$ million)	Unutilized Net Proceeds from the Placing as of December 31, 2025 (HK\$ million)	
For accelerating research and development of LAE102 and other drug assets targeting ActRII receptors	230.4	100.0%	228.3	95.2	97.3	133.1	Before December 31, 2026

Note:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Net Proceeds from the Placing in September 2025

On September 17, 2025, the Company completed a placing of an aggregate of 36,000,000 placing shares to not less than six placees at a price of HK\$16.30 per placing share pursuant to the terms and conditions of the Placing Agreement. The gross proceeds from the Placing were approximately HK\$586.8 million. The Company received net proceeds from the Placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$577.5 million. The net proceeds from the Placing were utilised during the Reporting Period, and the unutilized net proceeds are intended to be used, in accordance with the intended use of proceeds as previously set out in the announcement of the Company dated September 10, 2025.

The below table sets out the proposed and actual applications of the net proceeds during the Reporting Period:

Intended Use of Net Proceeds	Net Proceeds from the Placing (HK\$ million)	Approximate % of Total Net Proceeds	Utilized Net Proceeds from the Placing as of December 31, 2025 (HK\$ million)	Unutilized Net Proceeds from the Placing as of December 31, 2025 (HK\$ million)	Expected Timeline of Full Utilization of the Unutilized Net Proceeds ⁽¹⁾
R&D expenses on ActRill portfolio, including LAE102, LAE103 and LAE123	349.8	60.6%	–	349.8	Before December 31, 2027
Ongoing R&D expenses on preclinical drug candidates	170.0	29.4%	15.7	154.3	Before December 31, 2027
General and corporate use	57.7	10.0%	13.9	43.8	Before December 31, 2026

Note:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT

We remain committed to advancing and expanding our product portfolio in therapeutic areas where we have accumulated deep expertise and extensive know-how.

LAE102 is our internally discovered monoclonal antibody targeting ActRIIA. Blocking Activin-ActRII pathway could promote muscle regeneration and reduce fat mass, positioning LAE102 as a promising drug candidate for muscle-preserving weight control. LAE103 is an ActRIIB-selective antibody and LAE123 is an ActRIIA/IIB dual antagonistic monoclonal antibody. Both are our internally discovered antibodies for muscle and other disease indications. The Group has established a comprehensive ActRII portfolio and strives to maximize the value of targeting ActRII receptors. Currently, we are rapidly advancing the clinical development of this portfolio while actively pursuing strategic partnerships to accelerate its overall development and commercialization.

In addition, the Group is actively exploring potential combination therapy opportunities across our pipeline, with existing approved drugs as well as conventional therapies. Our LAE002 (afuresertib) combination trial with fulvestrant has demonstrated remarkable clinical value in treating HR+/HER2- breast cancer patients who have failed previous standard of care treatments of endocrine/anti-estrogen therapies, including CDK4/6 inhibitors which represent a big unmet medical need with huge market potential. Similarly, our combination therapy of LAE002 (afuresertib) plus LAE001 has shown promising therapeutic benefits in patients with second-generation A/AR drug-resistant mCRPC. We remain committed to unlocking the full clinical potential of our drug candidates.

During the Reporting Period, the Group collaborated with Lilly to accelerate global clinical development of LAE102 for the treatment of obesity. In November 2025, we entered into an exclusive licensing agreement with Qilu Pharma to expedite the regulatory approval and commercialization of LAE002 (afuresertib) in the Licensed Territory and maximize its commercial value. Moving forward, we plan to pursue additional strategic partnerships with leading pharmaceutical companies to further advance the clinical development and commercialization of our drug candidate assets.

Looking ahead, the Group aims to achieve PCC declarations for LAE124 (DACRA) in 2026. In February 2026, we obtained IND approval from the U.S. FDA for LAE118, a PI3K α pan-mutant selective inhibitor targeting PIK3CA-mutant solid tumors. Building on our proven track record of successfully developing and out-licensing LAE002 (afuresertib), we are accelerating the development of LAE118 with the goal of bringing this precision therapy to cancer patients in need of novel treatment options. Our expanding pipeline underscores our commitment to delivering life-changing therapies to patients worldwide.

DIRECTORS AND SENIOR MANAGEMENT

As of the date of this report, the Board consists of three executive Directors, two non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Dr. LU Chris Xiangyang (“**Dr. Lu**”), aged 62, is our Chairman, executive Director and Chief Executive Officer. Dr. Lu is the founder of our Group and is responsible for overseeing the overall business strategy, R&D activities, business planning and operational management. Dr. Lu was appointed as a Director in July 2016 and re-designated as an executive Director in May 2022.

Dr. Lu had worked in Ontogeny, Inc., a biotechnology company, in 1998. From November 2001 to September 2003, he worked at Wyeth Research, a U.S. based pharmaceutical company as the principal scientist and had led multiple drug discovery projects. From September 2003 to March 2016, he worked at Novartis Institutes for BioMedical Research (“**NIBR**”) and China Novartis Institutes for BioMedical Research Co., Ltd. (諾華(中國)生物醫學研究有限公司) (“**CNIBR**”). He was bestowed Novartis VIVA Award with “Novartis Leading Scientist” honorary title in November 2012. His last position there was Executive Director and was responsible for leading the drug discovery platform and multiple disease research programs. NIBR and CNIBR are under Novartis AG. He then joined Frontline Bioventures (通和資本), a venture capital firm focusing on investment in healthcare industry, in 2016 as a venture partner, responsible for providing general professional advice from biotechnology perspective to the investment portfolio of Frontline Bioventures on a part-time basis. Dr. Lu had ceased to be a venture partner in Frontline Bioventures since April 2017. After the incorporation of the Company and before Dr. Lu left Frontline Bioventures, Dr. Lu was not involved in any investment of Frontline Bioventures which competed or was likely to compete, directly or indirectly, with the Group’s business.

Dr. Lu received his Bachelor of science degree and Master of science degree in biology department from Nankai University (南開大學) in China in July 1985 and June 1988, respectively. Dr. Lu obtained the Doctor of Philosophy degree from the School of Medicine of the University of North Carolina at Chapel Hill in the United States in August 1995. Dr. Lu was a postdoctoral fellow at Harvard University in the United States from 1995.

Dr. Lu is a director of Laekna HK, Laekna Ningbo and Laekna Therapeutics.

Ms. XIE Ling (謝玲) (“**Ms. Xie**”), aged 54, is our executive Director and chief operating officer, and is responsible for overseeing our global operations, including administrative, human resources, legal, IT and compliance matters. She was appointed as a Director in May 2018 and re-designated as an executive Director in May 2022.

From August 2002 to September 2004, Ms. Xie was an executive assistant at Boehringer Ingelheim Shanghai Pharmaceuticals Co., Ltd. (上海勃林格殷格翰藥業有限公司). From January 2008 to March 2017, Ms. Xie served as an executive assistant at CNIBR under Novartis AG, and was responsible for administrative support. Ms. Xie was accredited as national second-level psychological counselor (國家二級心理諮詢師) by Ministry of Human Resources and Social Security of the PRC (人力資源和社會保障部) in March 2011, and she was certified as Myers-Briggs Type Indicator (MBTI) practitioner by Center for Applications of Psychological Type in the United States in March 2012.

Ms. Xie received her Bachelor’s degree in law from East China University of Political Science and Law (華東政法大學) in China in July 2003.

Ms. Xie is a director of Laekna Ningbo and Laekna Therapeutics.

DIRECTORS AND SENIOR MANAGEMENT

Dr. GU Xiang-Ju Justin (“Dr. Gu”), aged 60, is our executive Director and chief scientific officer, and is responsible for overseeing our pre-clinical discovery research works. Dr. Gu was appointed as a Director in January 2020 and re-designated as an executive Director in May 2022.

From April 2001 to October 2008, Dr. Gu first served as a scientist and then as a group leader at Genomics Institute of the Novartis Research Foundation. From November 2008 to April 2019, he worked at CNIBR in Shanghai, with his last position as the director of lead discovery. Before joining our Group, Dr. Gu was a venture partner at GP Healthcare Capital Co., Ltd. (上海金浦醫療健康股權投資基金管理有限公司) from April 2019 to December 2019.

Dr. Gu received his Bachelor’s degree in biology from Nankai University (南開大學) in China in 1985; Master’s degree from the Institute of Botany, The Chinese Academy of Sciences (中國科學院植物研究所) in China in 1988; and the Doctor of Philosophy degree in biochemistry from the Ohio State University in the United States in March 1997. Dr. Gu was a postdoctoral fellow at Massachusetts Institute of Technology in the United States from January 1997 to August 2000.

Dr. Gu is a director of Laekna Therapeutics and Laekna Ningbo.

Non-executive Directors

Dr. WANG David Guowei (“Dr. Wang”), aged 64, is our non-executive Director, and is responsible for providing professional advice to the Board. Dr. Wang was appointed as a Director in July 2019 and re-designated as a non-executive Director in May 2022.

Dr. Wang is a partner and senior managing director of Asia at OrbiMed Advisors LLC, an investment fund with a focus on healthcare industry, where he has worked since August 2011. Dr. Wang has served as a director of Sichuan Biokin Pharmaceutical Co., Ltd (四川百利天恒藥業股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 688506) since September 2017. Further, since February 2016, he has been a non-executive director of AK Medical Holdings Limited (愛康醫療控股有限公司) (a company listed on the Stock Exchange, stock code: 1789), since December 2017, he has been a non-executive director of Gaushtech Ltd (高視醫療科技有限公司) (a company listed on the Stock Exchange, stock code: 2407) and since December 2025, he has been a non-executive director of Edding Genor Group Holdings Limited (億騰嘉和醫藥集團有限公司) (a company listed on the Stock Exchange, stock code: 6998). From April 2006 to July 2011, he served as managing director at WI Harper Group. He was a director of Gracell Biotechnologies Inc. (a company listed on NASDAQ Global Market, stock code: GRCL) from March 2020 to February 2024. He was a director of Sinovac Biotech Ltd. (科興控股生物技術有限公司) (a company listed on NASDAQ Global Market, stock code: SVA) from January 2025 to June 2025.

Dr. Wang received his Bachelor’s degree in medicine from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in China in July 1986. He received his Doctor of Philosophy degree in developmental biology from California Institute of Technology in the United States in June 1995.

Dr. Wang is a director of Laekna Therapeutics.

DIRECTORS AND SENIOR MANAGEMENT

Mr. SUN Yuan (孫淵) (“Mr. Sun”), aged 37, is our non-executive Director, and is responsible for providing professional advice to the Board. Mr. Sun was appointed as a Director in April 2022 and re-designated as a non-executive Director in May 2022.

Mr. Sun joined SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司) in September 2013. He then joined CS Capital (Nanjing) Co., Ltd. (國投招商(南京)投資管理有限公司) in January 2022, a wholly-owned subsidiary of CS Capital Co., Ltd. (國投招商投資管理有限公司), and is currently served as executive director in the investment team. CS Capital Co., Ltd. is the general partner of Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥)), one of our Pre-IPO Investors. He obtained the Chartered Financial Analyst qualification in November 2017.

Mr. Sun received his Bachelor’s degree in computer science and technology from Tsinghua University (清華大學) in China in July 2010. He received his Master’s degree in finance from Washington University in St. Louis in the United States in December 2012.

Mr. Sun is a director of Laekna Therapeutics.

Independent Non-executive Directors

Dr. YIN Xudong (“Dr. Yin”), aged 59, was appointed as our independent non-executive Director with effect from June 16, 2023 and is responsible for providing independent opinion and judgment to the Board.

Dr. Yin once worked at Clontech Laboratories Inc. (currently known as Becton, Dickinson and Company) (a global medical technology company listed on the New York Stock Exchange, stock code: BDX). During his employment with Boston Consulting (Shanghai) Co., Ltd. (a global business management and consulting firm), he served as a director manager from April 2000 to February 2004. He then worked at AstraZeneca Plc, a multinational pharmaceutical and biotechnology company listed on the London Stock Exchange (stock code: AZN), NASDAQ Global Market (stock code: AZN) and the NASDAQ Stockholm (stock code: AZN) in China from February 2004 to January 2011 with his last position as the president, AstraZeneca China. From January 2011 to December 2021, he served as head of the Asia Pacific, Middle East and Africa regions of Novartis Pharmaceuticals Corporation and president of Novartis Group in China.

Dr. Yin received his Bachelor of Sciences degree in biochemistry from Peking University (北京大學) in China in 1987. He further obtained his Doctor of Philosophy degree in biological science from Stanford University in the United States in June 1995. In addition, he received his Master of Business Administration degree from Harvard University in the United States in June 1998.

Dr. LI Min (“Dr. Li”), aged 63, was appointed as our independent non-executive Director with effect from June 16, 2023 and is responsible for providing independent opinion and judgment to the Board.

From January 2014 to March 2019, Dr. Li served as a senior vice president and global head of neuroscience R&D at GlaxoSmithKline plc., a renowned science-led global healthcare company listed on the London Stock Exchange (stock code: GSK) and the New York Stock Exchange (stock code: GSK). During his employment with GlaxoSmithKline plc., he also served as the general manager of GSK R&D China. From January 2019 to January 2020, he served as the venture partner of Lilly Asia Ventures, a biomedical venture capital firm focused on healthcare investments. Dr. Li founded SciNeuro Pharmaceuticals in January 2020, a biotechnology company to develop innovative therapeutics for central nervous system diseases, and he has been serving as its chief executive officer and director since February 2020. Dr. Li has been serving as an independent director of Adagene Inc., a company listed on NASDAQ Global Market (stock code: ADAG) from February 2021 to April 2024.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Li was a post-doctorate fellow at University of California San Francisco and also admitted as a Helen Hay Whitney Fellow. He was appointed as an assistant Professor of Physiology at Johns Hopkins University School of Medicine in March 1993 and had served as a tenured Professor of Neuroscience at Johns Hopkins University School of Medicine until 2013. Dr. Li has been a Fellow of the American Association for the Advancement of Science since November 2011.

Dr. Li received his Bachelor of Science degree in biochemistry from Wuhan University in China in July 1984. He further obtained his Doctor of Philosophy degree from Johns Hopkins University School of Medicine in the United States in May 1991.

Mr. ZHOU Jian (周健) (“Mr. Zhou”), aged 47, was appointed as our independent non-executive Director with effect from January 15, 2024 and is responsible for providing independent opinion and judgment to the Board.

Mr. Zhou acted as CEO China PE PFM and Head of Energy Transition Infrastructure China of HSBC Asset Management from November 2022 to September 2025. Mr. Zhou was responsible for managing the HSBC Asset Management China private equity business and managing and overseeing renewable energy private equity investment activities in China. Prior to joining HSBC, Mr. Zhou worked as Managing Director at Standard Chartered Bank in Hong Kong from August 2019 to October 2022, where he was responsible for leading the Greater China and Korea regional investment banking activities in power, utilities & infrastructure sector.

Mr. Zhou also held position as Head of Infrastructure China at Macquarie Capital in Shanghai from September 2016 to February 2019. He was an Executive, Vice President and Director in investment banking team at Evercore in Hong Kong from March 2007 to May 2016. Mr. Zhou worked in PricewaterhouseCoopers assurance team in Auckland and Hong Kong from December 2002 to March 2007.

Mr. Zhou has been a member of the Chartered Accountants Australia & New Zealand (CA ANZ) since March 2006, a Chartered Financial Analyst of CFA Institute since September 2006 and a member of Hong Kong Institute of Certified Public Accountants (HKICPA) since August 2007.

Mr. Zhou received a degree of Bachelor of Commerce (Honours) in Finance from the University of Auckland in May 2002.

SENIOR MANAGEMENT

Dr. LU Chris Xiangyang is the Chairman and the Chief Executive Officer. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

Ms. XIE Ling (謝玲) is the chief operating officer of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for her biographical details.

Dr. GU Xiang-Ju Justin is the chief scientific officer of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CHAU Kwok Keung (鄒國強) (“Mr. Chau”), aged 49, was appointed as the chief financial officer of our Company with effect from January 15, 2024. Mr. Chau was our independent non-executive Director from June 2023 to January 2024. Mr. Chau was employed by Arthur Andersen & Co. initially as a staff accountant and he was subsequently promoted to be a senior consultant in the Global Corporate Finance Solution Segment of Arthur Andersen & Co. in March 2002. He was the financial controller of Shanghai Hawei New Materials and Technology Company Limited from June 2002 to August 2003 and the deputy group financial controller of China South City Holdings Limited (華南城控股有限公司) (a company listed on the Stock Exchange, stock code: 1668) from August 2003 to April 2005. Mr. Chau has also held various positions at China.com Inc. (中華網科技公司) (currently known as Sino Splendid Holdings Limited (中國華泰瑞銀控股有限公司)) (a company listed on the Stock Exchange, stock code: 8006) from October 2005 to October 2007, including qualified accountant, chief financial officer, company secretary and authorized representative. Mr. Chau has served as the chief financial officer of Comtec Solar Systems Group Limited (卡姆丹克太陽能系統集團有限公司) (a company listed on the Stock Exchange, stock code: 712) from November 2007 to January 2020 and served as its executive director from June 2008 to January 2020. He has also been an independent director of Bank of Zhangjiakou Co., Ltd. (張家口銀行股份有限公司) since April 2020. Mr. Chau has served as chief financial officer of BetterLife Holding Limited (百得利控股有限公司) (a company listed on the Stock Exchange, stock code: 6909) from September 2020 to January 2024 and served as its executive director from December 2020 to January 2024.

In the last three years, Mr. Chau had also served as (i) an independent non-executive director and the chairman of the audit committee of China Xinhua Education Group Ltd. (中國新華教育集團有限公司) (a company listed on the Stock Exchange, stock code: 2779) from October 2017 to November 2022; (ii) an independent non-executive director and the chairman of the audit committee of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司) (a company listed on the Stock Exchange, stock code: 2170) from October 2021 to June 2023; and (iii) an independent non-executive director of China Tobacco International (HK) Company Limited (中煙國際(香港)有限公司) (a company listed on the Stock Exchange, stock code: 6055) from December 2018 to May 2024.

Mr. Chau has been serving as (i) an independent director of The9 Limited (第九城市) (a company listed on NASDAQ Global Market, stock code: NCTY) since October 2015; (ii) an independent non-executive director and the chairman of the audit committee and remuneration committee of China Infrastructure & Logistics Group Ltd. (中國通商集團有限公司) (a company listed on the Stock Exchange, stock code: 1719) since May 2022; and (iii) an independent non-executive director and the chairman of the audit committee of Qingdao Port International Co., Ltd. (青島港國際股份有限公司) (a company dual-listed on the Stock Exchange, stock code: 6198 and the Shanghai Stock Exchange, stock code: 601298) since October 2025.

Mr. Chau has been a member of the Association of Chartered Certified Accountants since June 2002, a Chartered Financial Analyst since September 2003 and a member of the Hong Kong Institute of Certified Public Accountants since July 2005. Mr. Chau also obtained a certificate of Qualified Independent Director from the Shanghai Stock Exchange since August 2017, and was certified by China Banking and Insurance Regulatory Commission Zhangjiakou Supervision Branch (中國銀行保險監督管理委員會張家口監管分局) as qualified director of banking institutions in China since March 2020. Mr. Chau has been a fellow member of the Institute of Public Accountants of Australia and Institute of Financial Accountants since June 2020.

Mr. Chau received a Bachelor's degree in Business Administration from the Chinese University of Hong Kong in December 1998.

DIRECTORS AND SENIOR MANAGEMENT

Ms. WANG Liqing (王黎青) (“Ms. Wang”), aged 55, is our senior vice president and is responsible for overseeing our corporate finance and procurement matters.

Ms. Wang once worked as an accounting supervisor in Shanghai Lever Co., Ltd. (上海利華有限公司), a joint venture company of Unilever engaged in the manufacturing and sales of fast moving consumer products. She then joined Johnson & Johnson (China) Co., Ltd. (強生(中國)有限公司) in 1998. From March 2005 to December 2010, she worked in Dumex Infant Food Co., Ltd. (多美滋嬰幼兒食品有限公司) as a financial controller, a member of the Danone Group, a multinational enterprise focusing on food, where she was responsible for the management of accounting and reporting, taxation and treasury related matters. From January 2011 to September 2018, she worked in Cargill Investment (China) Co., Ltd. (嘉吉投資(中國)有限公司) with her last position as GCK accounting and finance head in finance department. Prior to joining our Group, in September 2018, Ms. Wang joined Shanghai Yitu Network Technology Co., Ltd. (上海依圖網絡科技有限公司) as the financial vice president, a company principally engaged in artificial intelligence technology development, and was responsible for overseeing the financial management of the company.

Ms. Wang graduated in Accountancy from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) in China in July 1991. She obtained a Master of Business Administration degree jointly offered by Shanghai University of Finance and Economics (上海財經大學) in China and Webster University in the United States in November 2003.

JOINT COMPANY SECRETARIES

Mr. KE Chenyu (柯晨煜) (“Mr. Ke”) was appointed as a joint company secretary of our Company in May 2022. Mr. Ke is our vice president and is responsible for overseeing legal, regulatory and compliance matters of our Company.

Prior to joining our Group, Mr. Ke worked at Kaye Scholer LLP from August 2011 to July 2013. He served as an associate at Benesch, Friedlander, Coplan & Aronoff LLP from September 2013 to July 2014. From August 2015 to August 2021, he served as the legal general manager of Shanghai Fosun High Technology (Group) Co., Limited (上海復星高科技(集團)有限公司), a wholly-owned subsidiary of Fosun International Limited (復星國際有限公司) (a company listed on the Stock Exchange, stock code: 656), and was responsible for the legal and compliance in healthcare sector.

Mr. Ke obtained his Bachelor’s degree in law from East China University of Political Science and Law (華東政法大學) in China in July 2007. He obtained his Master’s degree in law from Georgetown University Law Center in the United States in May 2015.

Ms. HO Wing Nga (何詠雅) (“Ms. Ho”) was appointed as a joint company secretary of our Company with effect from February 2, 2024.

Ms. Ho obtained a master’s degree in corporate governance from the Hong Kong Polytechnic University. Ms. Ho is a fellow of both the Hong Kong Chartered Governance Institute (the “HKCGI”) and The Chartered Governance Institute. She is also a holder of the practitioner’s endorsement of HKCGI and a member of The Hong Kong Institute of Directors.

CHANGES IN DIRECTORS’ BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

Save as disclosed in this annual report and as at the date of this report, there are no other changes to the Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and, together with its subsidiaries, are principally engaged in discovering, developing and commercialising innovative therapies to patients with metabolic diseases, cancer and liver fibrosis around the world.

BOARD OF DIRECTORS

The Directors who held office during the year ended December 31, 2025 and as of the date of this report were:

Executive Directors

Dr. LU Chris Xiangyang (*Chairman and Chief Executive Officer*)

Ms. XIE Ling (謝玲)

Dr. GU Xiang-Ju Justin

Non-executive Directors

Dr. WANG David Guowei

Mr. SUN Yuan (孫淵)

Independent Non-executive Directors

Dr. YIN Xudong

Dr. LI Min

Mr. ZHOU Jian (周健)

Directors' and senior management's biographies

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 24 to 29 of this annual report.

According to article 15.1 of the Articles of Association and paragraph B.2.2 of the CG Code, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the annual general meeting at which he retires and shall be eligible for re-election at such meeting. According to article 15.5 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting.

REPORT OF DIRECTORS

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the audited consolidated statement of profit or loss and other comprehensive income on page 74 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. The Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends is set out in the section headed "Key Relationship with Stakeholders" in this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Events after the Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- We face fierce competition from existing products and product candidates under development in the entire oncology and obesity market and we may not be able to effectively compete with our competitors.
- Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage drug candidates. We may not be able to complete their clinical development, obtain relevant regulatory approvals or achieve their commercialization, or we may experience significant delays in any of the foregoing.
- We may not be able to comply with our obligations in the agreements under which we in-license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors; if so, we could be required to pay monetary damages or could lose license rights that are important to our business.
- We rely on third-party collaborators for some of our clinical development activities which may not be successful.
- We have no experience in manufacturing pharmaceutical products, which is a highly exacting and complex process, and we may encounter problems in manufacturing our future drug products.
- All material aspects of the research, development, manufacturing and commercialization of pharmaceutical products are heavily regulated and the approval process is usually lengthy, costly and inherently unpredictable. We may be unable to comply with existing or future regulations and industry standards.
- We have incurred significant net losses since our inception and expect to continue to incur net losses for the foreseeable future. We may not be able to generate sufficient revenue to achieve profitability and may need additional capital to meet our operating cash requirement.

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

REPORT OF DIRECTORS

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year and the state of the Company's and the Group's affairs as of December 31, 2025 are set out in the consolidated financial statements on pages 74, 75 and 126 of this annual report.

SUBSIDIARIES

Details of the subsidiaries of the Group as of December 31, 2025 are set out in Note 15 to the financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended December 31, 2025 are set out in Note 26 to the financial statements in this annual report.

RESERVES

Details of movements in reserves of the Group and the Company for the year ended December 31, 2025 are set out in the consolidated statement of changes in equity and Note 26 to the financial statements in this annual report, respectively.

As of December 31, 2025, the Company's reserves available for distribution from share premium less accumulated losses, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately RMB2,780,457,000 (2024: RMB2,187,698,000). Details of the movements in the reserves of the Company during the year ended December 31, 2025 are set out in Note 26 to the financial statements in this annual report.

DIVIDENDS

The Board does not declare the payment of any final dividend for the year ended December 31, 2025 (2024: Nil). There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 11 to the financial statements in this annual report.

BANK LOANS

Particulars of bank loans of the Group (including the maturity profile of borrowings) as of December 31, 2025 are set out in this annual report and Note 21 to the financial statements in this annual report. There is no material seasonality of borrowing requirements for the Group.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended December 31, 2025, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

REPORT OF DIRECTORS

BREACH OF LOAN AGREEMENT

During the year ended December 31, 2025, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended December 31, 2025, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

FINANCIAL SUMMARY

The Shares were listed on the Stock Exchange on June 29, 2023. A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years ended December 31, 2025 is set out on page 128 of this annual report. This summary does not form part of the audited consolidated financial statements.

CHARITABLE DONATIONS

During the year ended December 31, 2025, the Group and its employees actively participated in different social welfare activities and donations. For details, please refer to the environmental, social and governance report of the Company for the year ended December 31, 2025 which shall be published separately.

CONTINGENT LIABILITIES

As of December 31, 2025, our Group had no significant contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT

During the Reporting Period and up to the date of this report, based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting for the year ended December 31, 2025 or as of December 31, 2025.

REPORT OF DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and the non-executive Directors has entered into a service contract with the Company for an initial term of three years commencing from May 31, 2025, which is automatically renewed until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice. Pursuant to the service contracts entered into with the Company, none of the executive Directors and the non-executive Directors will receive any remuneration as director's fee.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years effective upon (i) June 16, 2023 (for Dr. YIN Xudong and Dr. LI Min) and (ii) January 15, 2024 (for Mr. ZHOU Jian), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of our independent non-executive Directors will receive an annual director's fee of HK\$400,000 commencing on the effective date of their appointment.

The above service contracts and appointment letters are subject to retirement by rotation and re-election at an annual general meeting of the Company at least once every three years in accordance with the Articles of Association. The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

None of the Directors proposed for re-election at the AGM has an unexpired service contract or appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

REPORT OF DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As far as the Company is aware, as of December 31, 2025, the interests and short positions of the Directors 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 SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in the Company

Name of Director	Nature of Interest	Number of Shares held	Approximate percentage of interest in our Company ⁽¹⁾
Dr. LU Chris Xiangyang (“ Dr. Lu ”)	Beneficial interest	32,518,890 ⁽²⁾	7.28%
	Founder of a discretionary trust	20,000,000 ⁽²⁾	4.48%
Ms. XIE Ling (謝玲) (“ Ms. Xie ”)	Interest in controlled corporation	8,717,240 ⁽³⁾	1.95%
	Beneficial interest	3,395,510 ⁽³⁾	0.76%
Dr. GU Xiang-Ju Justin (“ Dr. Gu ”)	Beneficial interest	8,700,500 ⁽⁴⁾	1.95%

Notes:

- (1) The calculation is based on the total number of 446,466,350 Shares in issue as of December 31, 2025.
- (2) Includes (i) Shares held by Dr. Lu beneficially under his own name, Shares underlying the Share Options granted to him pursuant to the Pre-IPO Share Option Scheme and Shares underlying the restricted share units granted to him under the 2024 Share Award Scheme; and (ii) Shares held by the Family Trust which Dr. Lu is the settlor. Accordingly, Dr. Lu is deemed to be interested in the Shares held by the Family Trust.
- (3) Includes (i) Shares held by Ms. Xie through Linbell Technology Holdings Limited, a limited liability company incorporated in the BVI wholly-owned by her; and (ii) Shares underlying the Share Options granted to her pursuant to the Pre-IPO Share Option Scheme and Shares underlying the restricted share units granted to her under the 2024 Share Award Scheme.
- (4) Includes the Shares underlying the Share Options granted to Dr. Gu pursuant to the Pre-IPO Share Option Scheme and the Shares underlying the restricted share units granted to him under the 2024 Share Award Scheme.

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

REPORT OF DIRECTORS

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

As of December 31, 2025, to the best of the knowledge of the Company and the Directors or the chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interests in our Company ⁽¹⁾
OrbiMed Asia Partners III, L.P. ⁽²⁾	Investment manager	43,336,500	9.71%
OrbiMed Asia GP III, L.P. ⁽²⁾	Investment manager	43,336,500	9.71%
OrbiMed Advisors III Limited ⁽²⁾	Investment manager	43,336,500	9.71%
Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥)) ⁽³⁾	Beneficial interest	28,519,030	6.39%
CS Capital Co., Ltd. (國投招商投資管理有限公司) ⁽³⁾	Interest in controlled corporation	28,519,030	6.39%
Futu Trustee Limited ⁽⁴⁾	Trustee	25,912,830	5.80%
Sino-Italy Ningbo Ecological Park Holding Group Co., Ltd. (中意寧波生態園控股集團有限公司) ⁽⁵⁾	Interest in controlled corporation	24,487,000	5.48%
Yuyao Yangming Equity Investment Fund Co., Ltd. (余姚陽明股權投資基金有限公司) ⁽⁶⁾	Beneficial interest	24,487,000	5.48%

REPORT OF DIRECTORS

Notes:

- (1) The calculation is based on the total number of 446,466,350 Shares in issue as of December 31, 2025.
- (2) OrbiMed Asia Partners III, L.P. is a venture capital fund operated by OrbiMed and registered as exempted limited partnerships in the Cayman Islands. The general partner of OrbiMed Asia Partners III, L.P., is OrbiMed Asia GP III, L.P., whose general partner is OrbiMed Advisors III Limited. Accordingly, each of OrbiMed Asia GP III, L.P. and OrbiMed Advisors III Limited is deemed to be interested in the Shares held by OrbiMed Asia Partners III, L.P. under the SFO.
- (3) Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥) (“FIIF”) is interested in 28,519,030 Shares, and the general partner of FIIF is CS Capital Co., Ltd. (國投招商投資管理有限公司).
- (4) Futu Trustee Limited is the trustee of Laekna Wonderland Trust and Laekna Halley Trust which were set up to facilitate the administration of the Pre-IPO Share Option Scheme.
- (5) Yuyao Yangming Equity Investment Fund Co., Ltd. (余姚陽明股權投資基金有限公司) is interested in 24,487,000 Shares, and is wholly-owned by Sino-Italy Ningbo Ecological Park Holding Group Co., Ltd. (中意寧波生態園控股集團有限公司). It is held indirectly as to 86.79% by Sino-Italy Ningbo Ecological Park Administration Committee (中意寧波生態園管理委員會), a subordinate of the Ningbo Municipal People's Government.

Save as disclosed above and to the best knowledge of our Directors, as of December 31, 2025, no person (other than the Directors and chief executive of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the year ended December 31, 2025.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed “Share Incentive Plans” in this annual report, there was no equity-linked agreement entered into by the Company during or subsisting at the end of the year ended December 31, 2025.

REPORT OF DIRECTORS

RELATED PARTY TRANSACTION, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Reporting Period, our only related party transactions were the key management personnel remuneration as set out in Note 29 to the financial statements in this annual report, which do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, there were no non-exempt connected and continuing connected transactions of the Company.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him or her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted. The Company has purchased appropriate liability insurance for its Directors. The permitted indemnity provision is set out in such liability insurance, which is currently in force and has been in force since the Listing Date.

SHARE INCENTIVE PLANS

Pre-IPO Share Option Scheme

We adopted the Pre-IPO Share Option Scheme on April 11, 2018, and amended it on October 30, 2019, April 20, 2021 and March 31, 2022. The scheme is not subject to Chapter 17 of the Listing Rules and will not involve the grant of options by our Company to subscribe for new Shares after Listing. As at the date of this annual report, nil Shares underlying the Share Options are available for issue under the Pre-IPO Share Option Scheme. Upon Listing, we have not made and will not make any new grants of options under the Pre-IPO Share Option Scheme. As such, no Share Option was available for grant at the beginning of the Reporting Period, and no Share Option remains available for grant under the Pre-IPO Share Option Scheme as of December 31, 2025.

As of December 31, 2025, the number of Share Options outstanding under the Pre-IPO Share Option Scheme is 24,760,130.

1. Summary of Terms

(a) *Purpose*

The purpose of the Pre-IPO Share Option Scheme is to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) *Eligible Participants*

We may grant Share Options to employees, officers, directors, contractors, advisors or consultants of the Group (the "**Eligible Participant(s)**").

REPORT OF DIRECTORS

(c) *Maximum Number of Shares*

There will be no more new grants of awards under the Pre-IPO Share Option Scheme upon the Listing. The maximum aggregate number of Shares in respect of the Share Options which may be issued pursuant to the Pre-IPO Share Option Scheme shall not exceed 56,999,430 Shares (subject to adjustment to reflect any rights issue, consolidation, share splits, or similar transactions).

(d) *Maximum Entitlement of a Participant*

No Eligible Participant shall be granted in aggregate Share Options which exceeds ten percent (10%) of the aggregate number of Shares for the time being issued and issuable under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

(e) *Exercise Period*

Except as otherwise provided in an offer letter, any Share Option shall become exercisable upon vesting until the tenth anniversary of the adoption date thereof. Notwithstanding the foregoing, the exercise shall be conditional upon full compliance of the grantee and the Company with all applicable laws and regulations. In the event the grantee ceases to be an employee by reason of his/her death, disability or for any other reason that the Board or the Administrator considers valid, before exercising the Share Option in full, the grantee's vested Share Option may be assigned to its representative (to the extent not already exercised).

(f) *Vesting Schedule*

Unless otherwise approved by the Administrator and set forth in an offer letter, the vesting schedule of the Share Options granted shall be a 60-month vesting schedule consisting of a cliff vesting of forty percent (40%) after twenty-four (24) months from the commencement date as indicated in the offer letter and, thereafter, quarterly vesting of equal installments over the remaining twelve (12) quarters.

(g) *Duration and Remaining Life*

The Pre-IPO Share Option Scheme shall automatically terminate on the expiration of the 10-year period measured from the date the Pre-IPO Share Option Scheme was adopted by the Board. Therefore, as at the date of this report, the remaining life of the Pre-IPO Share Option Scheme was approximately two years.

(h) *Exercise Price*

The exercise price of the Share Options granted shall be approved by the Administrator from time to time and shall be set out in the offer letter. The basis of determining the exercise price is, among others, service term and work performance.

(i) *Amount Payable on Application or Acceptance of the Option*

No cash consideration was paid by the grantees for the outstanding options granted.

REPORT OF DIRECTORS

2. Options Granted

Movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the Reporting Period are set out below:

Name or category of grantee	Outstanding as at January 1, 2025	Granted during the Reporting Period ⁽¹⁾	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period ⁽²⁾	Outstanding as at the end of the Reporting Period	Date of Grant	Exercise price (US\$ per share)	Vesting period	Exercise period
Dr. Lu (Director)	2,635,520	-	-	-	-	2,635,520	February 15, 2023	0.452	Note 3	Note 6
Ms. Xie (Director)	1,640,510	-	-	-	970,000	670,510	March 1, 2021, June 15, 2021, and March 31, 2022	0.05	Note 3	Note 6
Dr. Gu (Director)	5,500,000	-	-	-	899,500	4,600,500	January 4, 2020, March 2, 2020, and June 15, 2021	0.234	Note 3	Note 6
	1,000,000	-	-	-	-	1,000,000	March 31, 2022 and February 15, 2023	0.452	Note 3	Note 6
Subtotal	10,776,030	-	-	-	1,869,500	8,906,530				
Consultants (including former consultants) of the Group	252,500	-	-	-	85,000	167,500	July 16, 2018, March 31, 2022, and October 1, 2022	0.234, 0.452	Note 4	Note 6
Other grantees (including employees and former employees) of the Group	21,528,050	-	432,750	-	5,409,200	15,686,100	April 11, 2018 to January 31, 2023	0.03 to 0.452	Note 5	Note 6

Notes:

- (1) Closing price of Shares immediately before the date on which the Share Options were granted and the fair value of Share Options at the date of grant are not applicable as no Share Option was granted during the Reporting Period. No grant was made under the Pre-IPO Share Option Scheme which requires review by the Remuneration Committee during the Reporting Period.
- (2) The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised is HK\$19.25 per Share.
- (3) The vesting schedule for these Share Options is: (i) 40% to be vested two years from the commencement date as indicated in the relevant offer letters signed between the grantees and the Company (the "**Vesting Commencement Date**"); and (ii) 5% to be vested every quarter thereafter.
- (4) Among the 167,500 Share Options to the external consultants of our Group, the vesting schedule for 50,000 Share Options is: (i) 40% to be vested two years from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter; and the vesting schedule for 117,500 Share Options is: (i) 20% to be vested one year from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter.

REPORT OF DIRECTORS

- (5) Among the 15,686,100 Share Options to other grantees, the vesting schedule for 9,116,100 Share Options is: (i) 40% to be vested two years from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter; and the vesting schedule for 6,570,000 Share Options is: (i) 20% to be vested one year from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter.
- (6) All the Share Options granted are exercisable upon vesting and after the Listing of the Shares unless otherwise approved by the Board, and will expire on or before the latter of (i) the third anniversary after the Listing Date, and (ii) the tenth anniversary after the Vesting Commencement Date.
- (7) All of the grants under the Pre-IPO Share Option Scheme were made without any performance targets.

Post-IPO Share Schemes

We adopted the Post-IPO Share Option Scheme on June 9, 2023, which was immediately prior to Listing. We further adopted the 2024 Share Award Scheme on June 14, 2024. Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

The number of Share Options available for grant under the Post-IPO Share Option Scheme at the beginning and at the end of the Reporting Period was 27,770,035 and 16,630,035, respectively, representing 6.22% and 3.72% of the total number of Shares in issue as of December 31, 2025. The number of awards available for grant under the 2024 Share Award Scheme at the beginning and at the end of the Reporting Period was 27,770,035 and 16,630,035, respectively, representing 6.22% and 3.72% of the total number of Shares in issue as of December 31, 2025. The number of Awards available for grant under the Service Provider Sublimit (as defined below) at the beginning and at the end of the Reporting Period was 3,901,003 and 3,901,003, respectively, representing 0.87% and 0.87% of the total number of Shares in issue as of December 31, 2025. As at the date of this annual report, 36,280,035 Shares are available for issue under the Post-IPO Share Option Scheme and 2024 Share Award Scheme, representing 8.13% of the total number of Shares in issue (excluding treasury shares) as at the date of this annual report.

During the Reporting Period, 11,460,000 restricted share units (“RSUs”) (representing an aggregate of 11,460,000 Shares) were granted under the 2024 Share Award Scheme, among which 6,660,000 RSUs were granted to employee participants of the Group (representing an aggregate of 6,660,000 Shares), and 1,600,000 RSUs were granted to each of Dr. Lu, Ms. Xie and Dr. Gu (representing 1,600,000 Shares to each of Dr. Lu, Ms. Xie and Dr. Gu). The Remuneration Committee reviewed and approved such grant to employees of the Group including Dr. Lu, Ms. Xie, and Dr. Gu.

No Share Option was granted under the Post-IPO Share Option Scheme during the Reporting Period. Accordingly, no grant of Share Option was made under the Post-IPO Share Option Scheme during the Reporting Period which requires review by the Remuneration Committee.

REPORT OF DIRECTORS

1. Terms of the Post-IPO Share Option Scheme

(a) *Purpose*

The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) *Eligible Participants*

We may grant Share Options to (a) an employee (whether full time or part-time) or a director of the Company or any of its subsidiaries and (b) a consultant who provides services to the Group (such as in respect of research and development, product commercialization, marketing and investor relations in investment environment of the Group) on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group.

(c) *Maximum Number of Shares*

Scheme mandate limit

The total number of Shares which may be issued upon exercise of all options and awards to be granted under the share scheme(s) adopted by the Company involving issue of new Shares (the “**Awards**”) shall not in aggregate exceed 39,010,035 Shares, which also represents 8.73% of the issued Shares as at the end of the Reporting Period.

Eligible consultant sublimit

The total number of Shares which may be issued upon exercise of all Awards to be granted to eligible consultants shall not exceed 3,901,003 Shares.

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules.

(d) *Maximum Entitlement of a Participant*

Except with the approval of Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting, no option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of all Awards granted to such person in any 12-month period up to and including the date of the latest grant exceeds 1% of the Shares in issue from time to time.

(e) *Exercise Period*

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Administrator to each grantee, which may commence on any day after the date upon which the offer for the grant of options is accepted or deemed to be accepted but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Option Scheme or the relevant document of grant or other notification issued by the Administrator. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months, subject to a shorter vesting period otherwise permitted under the Listing Rules.

REPORT OF DIRECTORS

(f) *Vesting Period*

The vesting period shall be determined by the Administrator thereof in an offer letter from time to time, subject to any acceleration of the vesting schedule at the Administrator's discretion, provided that any acceleration shall be subject to the minimum vesting period of 12 months, as well as a shorter vesting period as permitted under the Listing Rules.

(g) *Duration and Remaining Life*

The Post-IPO Share Option Scheme shall automatically terminate on the expiration of the 10-year period measured from the Listing Date. Therefore, as at the date of this report, the remaining life of the Post-IPO Share Option Scheme was approximately seven years and three months.

(h) *Subscription Price*

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Administrator and notified to any eligible participant, which shall be not less than the highest of: (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered to the participant, which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option is offered to the participant.

(i) *Amount Payable on Application or Acceptance of the Option*

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option duly signed by the grantee together with a payment to the Company and/or any of its subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Administrator thereof may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within 28 days after the date on which an option is offered to the grantee, or the time period specified in the offer of the grant of the option. Such remittance shall not be refundable.

2. Terms of the 2024 Share Award Scheme

(a) *Purpose*

The purpose of the 2024 Share Award Scheme is to attract and retain participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward participants for their past contribution to the Group, to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The 2024 Share Award Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to participants.

(b) *Duration and Remaining Life*

The 2024 Share Award Scheme shall be valid and effective for ten years commencing on the adoption date (i.e. June 14, 2024) (the "**Adoption Date**"). Therefore, the remaining life of the 2024 Share Award Scheme was approximately eight years and two months.

REPORT OF DIRECTORS

(c) *Eligibility*

The participants who may be selected are any individual or corporate entity (as the case may be), being any of (i) employee participant(s); or (ii) service provider(s) as defined in the 2024 Share Award Scheme, who the Administrator considers, in its sole discretion, have contributed or will contribute to the Group. For details of the factors in assessing the eligibility of the participants that the Administrator will consider, please refer to the announcement of the Company dated May 21, 2024.

(d) *Maximum Entitlement of a Participant*

Unless approved by the Shareholders, the total number of Shares issued and to be issued in respect of all Awards granted to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares) (the “**Individual Limit**”). Where any grant of awards under the 2024 Share Award Scheme to a participant would result in the aggregate number of Shares issued and to be issued in respect of all Awards granted to such participant (excluding any Awards lapsed in accordance with the terms of the share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding such Individual Limit, such grant shall be subject to separate approval of the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person of the Company) abstaining from voting.

In addition, subject to the Individual Limit, where any grant of awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards granted (excluding grant of options) under the 2024 Share Award Scheme and any other share scheme(s) of the Company (excluding awards lapsed in accordance with relevant schemes) 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 total number of Shares in issue as at the date of grant (excluding treasury shares), such further grant of awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting with the grantees, their associates and all core connected persons (as defined under the Listing Rules) of the Company abstaining from voting in favour. Where any grant of Awards to an independent non-executive Director or substantial Shareholder of the Company or any of their respective associates would result in the number of Shares issued and to be issued in respect of all Awards granted under the share scheme(s) of the Company (excluding Awards lapsed in accordance with the relevant schemes) to such person in the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the total number of Shares in issue as at the date of grant (excluding treasury shares), such further grant of Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting with the grantees, their associates and all core connected persons (as defined under the Listing Rules) of the Company abstaining from voting in favour.

REPORT OF DIRECTORS

(e) *Maximum number of Shares*

The total number of Shares which may be issued in respect of all Awards that may be granted under the share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (excluding treasury shares), being 39,010,035 Shares (the “**Scheme Mandate Limit**”), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Awards that may be granted under the share scheme(s) of the Company to each participant who is a service provider must not in aggregate exceed 3,901,003 Shares, representing 1% of the total number of Shares in issue as at the Adoption Date (excluding treasury shares) (the “**Service Provider Sublimit**”). Awards which have lapsed in accordance with the terms of the share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit.

(f) *Purchase Price*

Unless otherwise determined by the Administrator at its sole discretion or as required by applicable law in respect of the purchase price (if any) of any particular award on a case-by-case basis which shall be stated in the offer documentation, the grantee is not required to pay any purchase price to the Company to purchase any RSU underlying an award granted under the 2024 Share Award Scheme. The grantee is not required to pay any consideration to the Company on acceptance of an offer.

(g) *Vesting of Awards*

The Administrator may determine the vesting period of the awards, provided that the vesting period in respect of any award shall be no less than 12 months from (and including) the date of the grant, except with respect to awards granted to an employee participant, for which a shorter vesting period may be permitted under specified circumstances pursuant to the 2024 Share Award Scheme. According to the 2024 Share Award Scheme, upon vesting of the awards granted to the grantee, such awards shall be satisfied by (i) existing Shares as may be purchased by the relevant trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued (or treasury shares to be transferred) to the grantee directly or (iii) payment to the grantee of an amount equivalent to the market value of the Shares underlying the awards in cash.

REPORT OF DIRECTORS

3. Awards Granted under the 2024 Share Award Scheme

No Share Option was granted under the Post-IPO Share Option Scheme during the Reporting Period. Movements of the RSUs granted under the 2024 Share Award Scheme during the Reporting Period are set out below:

Name or category of grantee	Date of Grant	Closing price immediately before the date of grant made during the Reporting Period (HK\$ per Share)	Number of RSUs								Vesting period	Performance targets	Fair value of RSUs granted during the Reporting Period at the date of grant ⁽²⁾ (HK\$)
			Outstanding as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at the end of the Reporting Period	Purchase price per RSU granted ⁽¹⁾				
DIRECTORS AND SENIOR MANAGEMENT													
Dr. Lu (Director)	September 5, 2024	N/A	1,500,000	-	375,000	-	-	-	1,125,000	-	Note 3	Note 4	N/A
	May 8, 2025 ⁽³⁾	13.82	-	1,600,000	-	-	-	-	1,600,000	-	Note 3	Note 4	32,160,000
Ms. Xie (Director)	September 5, 2024	N/A	1,500,000	-	375,000	-	-	-	1,125,000	-	Note 3	Note 4	N/A
	May 8, 2025 ⁽³⁾	13.82	-	1,600,000	-	-	-	-	1,600,000	-	Note 3	Note 4	32,160,000
Dr. Gu (Director)	September 5, 2024	N/A	1,500,000	-	375,000	-	-	-	1,125,000	-	Note 3	Note 4	N/A
	May 8, 2025 ⁽³⁾	13.82	-	1,600,000	-	-	-	-	1,600,000	-	Note 3	Note 4	32,160,000
OTHER EMPLOYEE PARTICIPANTS													
	September 5, 2024	N/A	6,740,000	-	1,605,000	320,000	-	-	4,815,000	-	Note 3	Note 4	N/A
	May 8, 2025	13.82	-	6,660,000	-	-	-	-	6,660,000	-	Note 3	Note 4	95,238,000
Total:			11,240,000	11,460,000	2,730,000 ⁽⁷⁾	320,000	-	-	19,650,000				

Notes:

- (1) The RSUs granted during the Reporting Period had no exercise period or purchase price.
- (2) Details of the fair value of RSUs granted at the date of grant and the accounting standard and policy adopted are set out in Note 25 to the financial statements in this annual report.
- (3) The vesting period for these RSUs is 25% shall vest on each anniversary of the date of the grant of the RSUs for the next four years, subject to satisfaction (or waiver, as applicable) of the vesting conditions stipulated in the respective grant letters.
- (4) The vesting of the RSUs granted are not subject to any performance targets.
- (5) The RSUs granted to Dr. Lu, Ms. Xie and Dr. Gu were approved by the independent Shareholders at the annual general meeting held on June 3, 2025.
- (6) None of the participants has been granted with options and awards in excess of the 1% Individual Limit.
- (7) The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested is HK\$15.67.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company (i.e., the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, and the 2024 Share Award Scheme) during the year ended December 31, 2025 divided by the weighted average number of Shares in issue during the year ended December 31, 2025 is 0.03.

REPORT OF DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the Reporting Period and up to the date of this report, none of the Company or any of its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, each of the Directors confirmed that as of December 31, 2025 he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2025.

CONTRACTS WITH CONTROLLING SHAREHOLDERS AND PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As of December 31, 2025, the Company had no controlling Shareholder and therefore (i) pledge of Shares by controlling Shareholder to secure the Company's debts or to secure guarantees or other support of their obligations, (ii) loan agreement with covenants relating to specific performance of controlling Shareholder, and (iii) contract of significance entered into among the Company or any of its subsidiaries and the controlling Shareholders during the year ended December 31, 2025 or subsisted at the end of the Reporting Period are not applicable.

EMPLOYEES

As of December 31, 2025, the Group had 83 employees (including employees in all regions of the Group). Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions and other welfare payments. During the Reporting Period, the relationship between the Group and our employees has been stable. We had not experienced any strikes or other labor disputes which materially affected our business activities. We provide training programs to employees, including new hire orientation and continuous on-the-job training in order to accelerate the learning progress and improve the knowledge and skill levels of our employees. The Group has also adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2024 Share Award Scheme to recognize and reward the contribution of the employees to the growth and development of the Group.

REPORT OF DIRECTORS

REMUNERATION POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his or her close associates, and executive, is involved in dealing with his or her own remuneration.

Details of Directors' remuneration and the five highest paid individuals are set out in Notes 8 and 9 to the financial statements in this annual report respectively. The Company has adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2024 Share Award Scheme to motivate and reward its Directors and eligible employees. Details of these schemes are set out in the paragraph headed "Share Incentive Plans" above. For the year ended December 31, 2025, no emoluments were paid by the Group to or receivable by any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and no consideration was paid by the Group to any third parties for making available Directors' services. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2025.

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

RETIREMENT BENEFITS SCHEME AND PENSION SCHEME

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a pension scheme or retirement benefits scheme operated by the local government. The subsidiaries operating in Chinese Mainland are required to contribute a certain percentage of their payroll costs to such pension scheme or retirement benefits scheme (subject to a cap of contribution in accordance with the relevant laws and regulations). The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the pension scheme or retirement benefits scheme.

The Group participates in a defined contribution mandatory provident fund scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance in December 2000 for eligible employees. Contributions by the Group, which are matched by the employees, are made based on a percentage of the employees' basic salaries and are charged to the consolidated 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 and are invested in funds under the control of independent trustees. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group implemented a defined contribution 401(k) savings plan (the "**401(k) Plan**") for U.S. employees. All U.S. employees are eligible to participate in the 401(k) Plan subject to certain limits. The employees' contributions are based on percentages of employee compensation subject to IRS limits. In addition, the Group provides a matching contribution to the 401(k) Plan, the matching is subject to a limited percentage set by the Group.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

During the year ended December 31, 2025, (i) there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, (ii) there had been no utilization of such forfeited contributions to reduce future contributions, and (iii) no forfeited contributions had been used by the Group to reduce the existing level of contributions.

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group has one customer, as such, the Group's sales to five largest customers and the largest customer accounted for 100% and 100% of the Group's total sales amount for the same period, respectively.

During the Reporting Period, purchases from the Groups' five largest suppliers and the largest supplier accounted for approximately 49.1% and 27.8% of the Group's total purchase amount for the same period, respectively.

None of the Directors, their respective close associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations. Adhering to the concept of green environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilization of resources have been consistently implemented in the daily operation activities of the Group. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

Further details of the Company's environmental policies and performance are disclosed in the environmental, social and governance report of the Company for the year ended December 31, 2025 which shall be published separately.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes the importance of maintaining a good relationship with its stakeholders, including Shareholders, employees, suppliers, medical experts, patients and other business associates. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Details of an account of the Company's key relationships with its employees, suppliers, research partners and other business associates that have a significant impact on the Company are set out in the environmental, social and governance report of the Company for the year ended December 31, 2025 which shall be published separately.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group, details of which could be referred to the section headed "Regulatory Overview" in the Prospectus. The Group has compliance policies and procedures in place and would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the year ended December 31, 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

REPORT OF DIRECTORS

SIGNIFICANT LEGAL PROCEEDINGS

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

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

On September 17, 2025, the Company completed a placing of an aggregate of 36,000,000 placing shares by Merrill Lynch (Asia Pacific) Limited, the sole placing agent and sole overall coordinator of the placing, to not less than six placees at a price of HK\$16.30 per placing share pursuant to the terms and conditions of the placing agreement dated September 10, 2025, representing approximately 8.06% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The aggregate nominal value of the placing shares under the placing is US\$360.

The placing price of HK\$16.30 per placing share was determined after arm's length negotiations between the Company and Merrill Lynch (Asia Pacific) Limited and represents (i) a discount of approximately 9.5% to the closing price of HK\$18.01 per Share as quoted on the Stock Exchange on September 9, 2025, being the trading day immediately preceding the date of the placing agreement and (ii) a discount of approximately 4.0% to the average closing price of HK\$16.98 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of the placing agreement. The closing price per Share as quoted on the Stock Exchange on September 17, 2025 was HK\$14.06.

The gross proceeds from the placing were approximately HK\$586.80 million. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$577.51 million. The net placing price (after deducting related costs and expenses borne by the Company) is approximately HK\$16.04 per Share. The Board is of the view that the placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the placing will strengthen the Group's financial position for its future development.

Further details of the placing and the use of proceeds are set out in the announcements of the Company dated September 10, 2025 and September 17, 2025, respectively. For details of the use of proceeds from the placing, see "Management Discussion and Analysis — Use of Net Proceeds from the Placing in September 2025" in this annual report.

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

AUDITOR

Since the Listing Date, the auditor of the Company has not changed. The consolidated financial statements for the year ended December 31, 2025 have been audited by KPMG, Certified Public Accountants and Registered Public Interest Entity Auditor, who are proposed for re-appointment at the AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report and as at the date of this report, there were no material subsequent events which occurred after the Reporting Period.

REPORT OF DIRECTORS

NO MATERIAL CHANGES

Saved as disclosed in this report, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under the Listing Rules.

ANNUAL GENERAL MEETING

The notice of the AGM will be published and dispatched (if requested) to the Shareholders in due course.

On behalf of the Board

Laekna, Inc.

Dr. LU Chris Xiangyang

Chairman, Executive Director and Chief Executive Officer

Hong Kong, March 18, 2026

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the CG Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Directors are of the view that during the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. LU Chris Xiangyang (“**Dr. Lu**”) has served as our chairman since May 2018 and Chief Executive Officer since April 2017. Dr. Lu is the founder of our Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned, Dr. Lu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of chairman and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during the Reporting Period.

BOARD OF DIRECTORS

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group’s operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company. The daily management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

CORPORATE GOVERNANCE REPORT

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

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. As at the date of this report, the composition of the Board is as follows:

Executive Directors

Dr. LU Chris Xiangyang (*Chairman and Chief Executive Officer*)

Ms. XIE Ling (謝玲)

Dr. GU Xiang-Ju Justin

Non-executive Directors

Dr. WANG David Guowei

Mr. SUN Yuan (孫淵)

Independent Non-Executive Directors

Dr. YIN Xudong

Dr. LI Min

Mr. ZHOU Jian (周健)

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 24 to 29 of this annual report.

To the best knowledge of the Board, there has been no other financial, business, family, or other material/relevant relationships among members of the Board.

CORPORATE GOVERNANCE REPORT

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

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

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

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination and Corporate Governance Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board (the “**Board Diversity Policy**”). The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage.

The Nomination and Corporate Governance Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company’s corporate strategy and to ensure that the Board maintains a balanced diverse profile. Pursuant to the Board Diversity Policy, in relation to reviewing and assessing the Board composition, the Nomination and Corporate Governance Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and work experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company’s business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. At present, the Board considered an appropriate balance of diversity perspectives of the Board is maintained and the Nomination and Corporate Governance Committee has set measurable objectives to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination and Corporate Governance Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors with both male and female ranging from 37 years old to 64 years old with different nationalities and experience from different industries and sectors. Our Board believes that based on our existing business model and specific needs, the background of our Directors and the composition of our Board satisfies the principles under the Board Diversity Policy. The Board endeavors to achieve gender diversity at Board level with at least one member of female Director. The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the Shareholders’ expectation and international and local recommended best practices. The Company targets to reach 20% female representation of the Board by 2035. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

As of December 31, 2025, female and male employees represented approximately 63.9% and 36.1% respectively of our total number of employees (including senior management). The Company recognizes and embraces the benefits of having a diverse team. We target to have both genders at our Board composition, senior management team and at all levels of our employees, and our recruitment process will mainly consider the aspects of educational background, professional qualifications, skills, knowledge and industry experiences of candidates to mitigate factors or circumstances which make achieving gender diversity across workforce (including senior management) more challenging or less relevant.

CORPORATE GOVERNANCE REPORT

MEASURABLE OBJECTIVES

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board includes a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors are of sufficient calibre and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board consists of a female Director.

Apart from the above objectives, the Board Diversity Policy has complied with the following objectives with the Listing Rules:

1. at least one third of the members of the Board shall be independent non-executive Directors;
2. at least three of the members of the Board shall be independent non-executive Directors; and
3. at least one of the independent non-executive Director shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved the measurable objectives in the Board Diversity Policy.

BOARD MEETINGS AND GENERAL MEETINGS

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications. Code provision C.2.7 of the CG Code requires that the chairman should at least annually hold meetings with independent non-executive directors without the presence of other directors.

During the Reporting Period, four Board meetings were held and the chairman held one meeting with independent non-executive Directors without presence of other Directors. All Directors are provided with relevant materials relating to the matters brought before the meetings. All Directors have separate and independent access to the senior management and the joint company secretary of the Company at all times and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 14 days of Board meetings are given to the Directors and Board procedures comply with the Articles of Association, as well as relevant rules and regulations.

The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code, and to hold a meeting between the chairman and the independent non-executive Directors without the presence of other Directors in accordance with Code Provision C.2.7 of the CG Code.

CORPORATE GOVERNANCE REPORT

A summary of the attendance record of the Directors at Board meetings, committee meetings and general meetings held during the Reporting Period is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the Reporting Period				
	Board	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	Annual General Meeting ⁽¹⁾
Executive Directors					
Dr. LU Chris Xiangyang	4/4	N/A	N/A	2/2	1/1
Ms. XIE Ling	4/4	N/A	1/1	0/2 ⁽²⁾	1/1
Dr. GU Xiang-Ju Justin	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Dr. WANG David Guowei	4/4	2/2	N/A	N/A	1/1
Mr. SUN Yuan	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Dr. YIN Xudong	4/4	N/A	1/1	2/2	1/1
Dr. LI Min	4/4	2/2	N/A	2/2	1/1
Mr. ZHOU Jian	4/4	2/2	1/1	0/2 ⁽²⁾	1/1

Notes:

- (1) During the Reporting Period, the Company held its annual general meeting on June 3, 2025.
- (2) Ms. XIE Ling and Mr. ZHOU Jian were appointed as members of the Nomination and Corporate Governance Committee with effect from December 12, 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meeting and scrutinizing the Group's performance. Their views carry significant weight in the Board's decision, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected.

CORPORATE GOVERNANCE REPORT

During the Reporting Period and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Reporting Period, the Company did not receive from the independent non-executive Directors of any subsequent change of circumstances which may affect his independence. The Company has received the annual confirmations of independence from each of the independent non-executive Directors. The Board has considered the independence of each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years effective upon (i) June 16, 2023 (for Dr. YIN Xudong and Dr. LI Min) and (ii) January 15, 2024 (for Mr. ZHOU Jian), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of our independent non-executive Directors will receive an annual director's fee of HK\$400,000 commencing on the effective date of their appointment.

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

In assessing whether a potential candidate is qualified to become an independent non-executive Director, the Nomination and Corporate Governance Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time on performing his/her duties as an independent non-executive Director, and the background and qualification of the candidate, in order to assess whether such candidates are able to bring independent views to the Board. In considering whether an independent non-executive Director should be proposed for re-election, the Nomination and Corporate Governance Committee and the Board will assess and evaluate the independent non-executive Director's contribution to the Board during the term, in particular, whether the independent director was able to bring independent views to the Board.

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

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs A.2 and D.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee currently consists of two independent non-executive Directors being Mr. ZHOU Jian and Dr. LI Min, and one non-executive Director being Dr. WANG David Guowei. The chairperson of the Audit Committee is Mr. ZHOU Jian. Mr. ZHOU Jian holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the Reporting Period, two meetings were held by the Audit Committee. The Audit Committee also met with the external auditors twice during the Reporting Period. The Audit Committee had reviewed together with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results of the Group for the year ended December 31, 2024 and the interim results of the Group for the six months ended June 30, 2025. In addition, the Audit Committee had reviewed the effectiveness of the Group's risk management and internal control systems and the internal audit function. During the Reporting Period, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. Please see the paragraph titled "Board Meetings" above for the attendance record of each member of the Audit Committee.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration Committee consists of one executive Director, namely, Ms. XIE Ling, and two independent non-executive Directors, namely, Dr. YIN Xudong and Mr. ZHOU Jian. Dr. YIN Xudong is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board of Directors on our policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration, determining with delegated responsibility, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules or making recommendations to the Board of Directors on the specific remuneration packages of individual executive Directors and senior management and reviewing and approving management's remuneration proposals by reference to corporate goals and objectives resolved by the Board of Directors from time to time.

During the Reporting Period, one meeting were held by the Remuneration Committee to (i) review the remuneration policy of the executive Directors; (ii) review and consider the remuneration packages for the Directors and senior management of the Company; and (iii) review and consider the grant of RSUs to grantees under the 2024 Share Award Scheme, where the Remuneration Committee has approved the grant of RSUs to certain eligible employee participants and Dr. Lu, Ms. Xie and Dr. Gu. The Remuneration Committee has considered the importance of the roles and responsibilities of the grantees and the expected contributions of the grantees to be made to the future development of the Group, and is of the view that the grant of restricted share units without performance targets is market competitive, consistent with the Company's customary practice, and aligns with the purpose of the 2024 Share Award Scheme. Please see the paragraph titled "Board Meetings" above for the attendance record of each member of the Remuneration Committee.

The remuneration package of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

CORPORATE GOVERNANCE REPORT

Details of the emoluments of the Directors for the year ended December 31, 2025 are set out in Note 8 to the financial statements in this annual report. The remuneration of the members of senior management, including executive Directors, by band for the year ended December 31, 2025 is set out below:

Remuneration by band (HK\$)	Number of person(s)
HKD3,500,001 – HKD4,000,000	1
HKD18,000,001 – HKD18,500,000	1
HKD20,000,001 – HKD20,500,000	1
HKD20,500,001 – HKD21,000,000	1
HKD23,000,001 – HKD23,500,000	1

Nomination and Corporate Governance Committee

The Company has established a Nomination and Corporate Governance Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the CG Code. The Nomination and Corporate Governance Committee consists of two executive Directors, namely Dr. Lu and Ms. XIE Ling, and three independent non-executive Directors, namely, Dr. YIN Xudong, Dr. LI Min and Mr. ZHOU Jian. Dr. Lu is the chairperson of the Nomination and Corporate Governance Committee. The primary duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors, making recommendations to the Board on matters relating to the appointment or re-appointment of Directors, developing, reviewing and assessing the adequacy of our Company's policies and practices on corporate governance and reviewing our Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Reporting Period, two meetings were held by the Nomination and Corporate Governance Committee to (i) review the structure, size and composition of the Board; (ii) make recommendation to the Board in respect of the re-appointment of Directors; (iii) assess the independence and appointment (where applicable) of the independent non-executive Directors; (iv) assess each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively, and (v) review the Company's director nomination policy, board diversity policy and policy for corporate governance, to ensure that it is in compliance with the Listing Rules and the CG Code. Please see the paragraph titled "Board Meetings" above for the attendance record of each member of the Nomination and Corporate Governance Committee.

In assessing the Board composition, the Nomination and Corporate Governance Committee would take into account various aspects as well as factors concerning board diversity as set out in the board diversity policy. The Nomination and Corporate Committee has discussed and agreed on measurable objectives for achieving diversity on the Board. In identifying and selecting suitable candidates for directorships, the Nomination and Corporate Committee would consider the candidate's relevant criteria as set out in the nomination policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

Dividend Policy

The Company has never declared or paid regular cash dividends on its Shares. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws of the Cayman Islands. The declaration and payment of any dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions.

Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. A Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Company has adopted a Director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level (the “**Director Nomination Policy**”). The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- (a) Integrity and reputation;
- (b) Educational background, professional qualifications, and work experience (including part-time jobs);
- (c) Whether or not they have the necessary knowledge, skills and experience;
- (d) Whether or not they are able to spend sufficient time and energy to handle the Company’s affairs;
- (e) Whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- (f) Whether or not the candidates for independent directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- (g) Any other relevant factors as determined by the Nomination Committee or the Board from time to time.

CORPORATE GOVERNANCE FUNCTION

During the Reporting Period, the Nomination and Corporate Governance Committee has reviewed the Company’s corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, and the Company’s compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to the paragraph C.1 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

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

During the year ended December 31, 2025 and up to the date of this report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

All Directors, namely Dr. LU Chris Xiangyang, Ms. XIE Ling, Dr. GU Xiang-Ju Justin, Dr. WANG David Guowei, Mr. SUN Yuan, Dr. YIN Xudong, Dr. LI Min and Mr. ZHOU Jian, have participated in training sessions conducted by the legal advisers of the Company with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the CG Code on continuous professional development for the year ended December 31, 2025. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

EXTERNAL AUDITOR'S RESPONSIBILITY AND REMUNERATION

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 67 to 73. The external auditors of the Company shall attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditor independence.

For the financial year ended 31 December 2025, the fees for audit services and non-audit services rendered by external auditor, KPMG, were as follows:

	Fee (RMB'000)
Audit services	
— Financial statement audits	2,200
Other services	
— Audit related (interim review)	800
— Other non-audit services (tax service)	35
	3,035

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Board, with the assistance of the Audit Committee, has reviewed the effectiveness of the risk management and internal control system of the Group (including all material controls, including financial, compliance and operational controls as well as risk management mechanisms) and considered the system effective and adequate, and no significant area of concern was identified during the review. No material changes to the risk management and internal control system were implemented during the Reporting Period.

The Group has established a complete risk management and internal control system, comprising internal control environment, risk assessment, control activities, information and communication, and supervision, to ensure the legality and compliance of the Group's operations, asset security, truthfulness and completeness of financial reports and related information, continuous improvement of operational efficiency and effectiveness, and to ensure the Group's long-term sustainable development.

The Board is responsible for determining the goals of risk management, continuously monitoring the risk management and internal control system, and ensuring its effectiveness. The Audit Committee directly reviews and supervises the effectiveness of risk management and internal control systems, and report to the Board. The senior management is responsible for leading and organizing the establishment, implementation, and supervision of risk management and internal control system. The Group has established three lines of defense for risk management, including each of the individual departments, management team, and supervision function. All three lines of defense work together in a closed cycle providing oversight and supervision to each other, and to resolve material internal control defects, if any. The three lines of defense comprehensively monitors risk factors on a regular basis and effectively reducing the occurrence of risks in the Group's operation.

We have established an internal audit team as a supervision function to carry out the analysis and independent appraisal of the adequacy and effective of the Company's risk management and internal control systems. Relevant personnel have been designated to be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Audit Committee of any findings and follow-up actions.

The Group regularly conducts risk identification and risk assessment to continuously monitors major risks and adjust control measures based on actual situations. Based on the external macro environment, feedbacks from internal and external stakeholders, the strategy and goals, and operation and management situation, the Group determines the annual focus of the risk identification and continuously reviews on an annual basis and improves the risk management and internal control system. There were no material changes to the assessment of risks during the Reporting Period.

The Group has also adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties. The Audit Committee and management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

The Board, with the assistance of the Audit Committee, has also reviewed and was satisfied with the adequacy of the Company's resources, the staff's qualifications and experience, the training courses and the related budgets in accounting, internal review and financial reporting functions.

CORPORATE GOVERNANCE REPORT

The management and the internal audit team have confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the Reporting Period. The Board believes that there are no material internal controls deficiencies and an effective and adequate risk management and internal control system is in place to safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

Anti-corruption, Anti-bribery, and Whistle-blowing Policies

The Company regards knowledge of and compliance with laws as the foundation of our business. The Group always adheres to its core values and establish an honest, trustworthy, standardized and transparent business environment. In order to ensure the compliance of the Company's business operations and the suitability of relevant regulations in the industry, the Group has formulated internal policies which cover management system in different scopes, including board governance, business operations, financial management, personnel management, general management and information security. The Group will regularly review the prevailing laws and regulations, industry norms and its business development, so as to update and revise the internal company rules in due course.

During the Reporting Period, the Group was not aware of any incompliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

In addition, the Company attaches great importance to the corporate culture of integrity and anti-corruption, adheres to the highest standards of ethics and business integrity at all times, and abides by the laws and regulations to prevent bribery, corruption, money laundering and fraud in its business operation. The Group has formulated the anti-corruption and anti-bribery policies which are required to be strictly followed by all employees.

The Group has also formulated sound whistle-blowing policies to encourage all directors, employees and third parties (including customers and suppliers of the Company) to report any misconduct, dereliction of duty or violations. The whistle-blower can report any suspected illegal acts or dereliction of duty to the Company in the form of writing such as mails or e-mails. The identity of the whistle-blower will be kept strictly confidential. The whistle-blowing mechanism is coordinated by the Group's internal audit function. Upon receiving whistle-blowing incidents, the department will analyze and sort out the whistle-blowing information. After preliminary review and verification, if it is believed that the reported person does have the facts of disciplinary violations, the investigation shall be formally filed and handled in accordance with the relevant regulations of the discipline inspection and supervision department. The Audit Committee of the Company shall review such arrangement regularly on an annual basis and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Reporting Period, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There was no concluded legal cases regarding corrupt practices brought against its employees during the Reporting Period.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. KE Chenyu and Ms. HO Wing Nga, the joint company secretaries of our Company, are responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. Ms. HO Wing Nga's primary contact person at the Company is Mr. KE Chenyu.

In compliance with Rule 3.29 of the Listing Rules, Mr. KE Chenyu and Ms. HO Wing Nga have undertaken not less than 15 hours of relevant professional training to update their skills and knowledge during the year ended December 31, 2025.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meeting

Pursuant to the article 9.3 of the Articles of Association, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company by mail at 46/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and/or add resolutions to the agenda of a general meeting. An extraordinary general meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisition must state clearly the name of the eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the extraordinary general meeting. The requisition must be signed by the eligible Shareholder(s) concerned.

As regards the procedures for Shareholders to propose a person for election as a director, they are available on the Company's website at www.laekna.com.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at 46/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at ir@laekna.com. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS ENGAGEMENT

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders of the Company and investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders receiving accurate, clear, comprehensive and timely information of the Group by the publication of reports, announcements and circular. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. Members of the Board and of the various board committees will attend the general meetings of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue. Based on the abovementioned measures, the Company considers that its communication with its Shareholders during the year was effective and adequate. The Company has adopted Shareholders' communication policy (the "**Communication Policy**") to ensure that the Shareholders and in appropriate circumstances, the investment community at large (which include the Company's potential investors as well as analysts who report and analyze the Company's performance), are timely provided with information about the Company (including its financial performance, strategic goals and plans, material developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication between the Shareholders, the investment community and the Company. Such policy has set out means of communication by Shareholders and the investment community. The implementation and effectiveness of the Communication Policy has been reviewed by the Board during the year ended December 31, 2025 and considered that it is adequate and effective, having considered the communication channels in place provided Shareholders and investment community with information about the latest development of the Group in a timely manner, and the Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll will be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

To promote effective communication, the Company maintains a website at www.laekna.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There have been no significant changes in the Company's constitutional documents during the year ended December 31, 2025.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Laekna, Inc.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Laekna, Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 74 to 127, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Cut-off of research and development expenses paid or payable to third-party contractors

Refer to Notes 6(c) and 22 to the consolidated financial statements and the accounting policies on page 81.

The Key Audit Matter

The Group is principally engaged in discovering, development and commercialising innovative therapies for cancer, metabolic diseases and liver fibrosis.

During the year ended 31 December 2025, the Group incurred research and development expenses of RMB249.9 million, of which service fees paid or payable to contract research organisations, clinical site management operators and contract development and manufacturing organisations (collectively the “**third-party contractors**”) amounted to RMB139.0 million.

We identified the cut-off of research and development expenses paid or payable to third-party contractors as a key audit matter because of the significant amount incurred during the year and the inherent risk of recognising these expenses in an inappropriate financial reporting period.

How the matter was addressed in our audit

Our audit procedures to assess the cut-off of research and development expenses paid or payable to the third-party contractors included the following:

- evaluating the design, implementation and operating effectiveness of key internal controls over the cut-off of research and development expenses to third-party contractors;
- inspecting the key terms set out in the relevant contracts with third-party contractors and the progress reports obtained from third-party contractors, on a sample basis, to assess whether the research and development expenses were recorded based on the respective contract terms or completion status respectively;
- obtaining confirmations from major third-party contractors to confirm the service fees charged for the year; For unreturned confirmations, comparing service fees paid and payable to third-party contractors with the underlying service agreements, third-party contractors’ acknowledgement of milestones achieved and invoices; and
- evaluating whether the research and development expenses to third-party contractors were included in the appropriate period by comparing the costs recorded before and after the end of the reporting period, on a sample basis, to relevant underlying documents such as agreements, payment slips, invoices and completion status reports from the third-party contractors.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Revenue recognition of license agreement

Refer to Note 4(a) to the consolidated financial statements and the accounting policies on pages 91 to 92.

The Key Audit Matter

The Group entered into an exclusive license agreement (the “**License Agreement**”) with Qilu Pharmaceutical Company Limited for research, development, and commercialisation of certain drug candidates. The consideration for the License Agreement included upfront payments, milestone payments based on the completion of certain milestone events and royalties based on future sales. For the year ended 31 December 2025, the Group recognised revenue under the License Agreement amounting to RMB106.7 million.

The License Agreement includes multiple performance obligations and requires the allocation of the transaction price to each performance obligation in an amount based on the estimated stand-alone selling prices.

We identified the revenue recognition of license agreement as a key audit matter because significant management’s judgements were involved in identifying the performance obligations and allocating the considerations based on the stand-alone selling price of each performance obligation, which could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess the revenue recognition of license agreement included the following:

- evaluating the design and implementation of key internal controls over the revenue recognition;
- inspecting the License Agreement to identify terms and conditions relating to the identification of performance obligations and assessing the Group’s revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- with the assistance of our internal valuation specialists, evaluating the appropriateness of the methodology adopted by management in determining the allocation of transaction price to each performance obligation with reference to the requirements of the prevailing accounting standards and the reasonableness of the estimated stand-alone selling price by comparing with information available, such as actual costs of satisfying a performance obligation;
- assessing the relevance and reliability of the data used and testing the mathematical accuracy of management’s calculations of the allocation; and
- inspecting the payment slips and client acceptance documents for revenue transactions recognised during the year to assess whether the related revenue had been recognised in accordance with the Group’s revenue recognition policies.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Assessment of impairment of in-licensed rights in intangible assets

Refer to Note 12 to the consolidated financial statements and the accounting policies on page 82.

The Key Audit Matter

As at 31 December 2025, the Group's certain in-licensed rights in intangible assets, which were not ready for commercial use, amounted to RMB83.0 million.

These intangible assets are subject to impairment assessment annually, irrespective of whether there is an indication of impairment. The impairment assessment is performed at the product level by comparing the product's carrying value with its recoverable amount, which is the higher of fair value less costs of disposal and value in use based on discounted cash flow forecasts to determine the amount of impairment which should be recognised, if any.

Management appointed an external valuer to assist in preparing the discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves the exercise of management judgment, particularly in estimating revenue growth rates and discount rates.

We identified the assessment of impairment of in-licensed rights in intangible assets as a key audit matter because of the significance of the carrying value of such assets to the consolidated financial statements and because of significant degree of judgement, which could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess impairment of in-licensed rights in intangible assets included the following:

- understanding and evaluating the design and implementation of key internal controls over the impairment assessment;
- evaluating the competence, capabilities and objectivity of the external valuer;
- with the assistance of our internal valuation specialists, evaluating the appropriateness of the methodology adopted by management with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rates used by benchmarking against other companies in the same industry;
- evaluating the reasonableness of revenue growth rates with reference to our understanding of the business, historical trends and available industry information and market data;
- obtaining from management the sensitivity analyses of key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and
- assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

As part of an audit in accordance with HKSA's, 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Wong, Chi Yeung (practising certificate number: P08077).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	106,719	–
Cost of sales		(20,300)	–
Gross profit		86,419	–
Other income	5	44,857	38,169
Other losses		(341)	(268)
Administrative expenses		(106,478)	(74,058)
Research and development expenses		(249,901)	(215,115)
Loss from operations		(225,444)	(251,272)
Finance costs	6(a)	(3,874)	(3,024)
Loss before taxation	6	(229,318)	(254,296)
Income tax	7	–	–
Loss for the year		(229,318)	(254,296)
Other comprehensive income for the year (after tax and reclassification adjustments)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		(55,628)	28,683
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign subsidiaries		31,240	(17,336)
Total comprehensive income for the year		(253,706)	(242,949)
Loss per share			
Basic and diluted (RMB)	10	(0.59)	(0.71)

The notes on pages 78 to 127 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	1,781	2,686
Intangible assets	12	121,134	125,108
Right-of-use assets	13	3,038	4,774
Pledged deposits	14	4,053	–
Other non-current assets	16	12,250	14,068
		142,256	146,636
Current assets			
Prepayments and other receivables	18	10,197	13,368
Time deposits	19	19,155	163,611
Cash and bank balances	20	1,243,218	636,422
		1,272,570	813,401
Current liabilities			
Bank loans	21	117,408	99,010
Other payables	22	75,338	47,418
Contract liabilities	17	34,791	–
Lease liabilities	23	2,045	2,045
		229,582	148,473
Net current assets			
		1,042,988	664,928
Total assets less current liabilities			
		1,185,244	811,564
Non-current liabilities			
Lease liabilities	23	1,387	3,272
Deferred income	24	3,500	3,500
		4,887	6,772
NET ASSETS			
		1,180,357	804,792
CAPITAL AND RESERVES			
Share capital	26	31	28
Treasury shares		(2)	(2)
Reserves		1,180,328	804,766
TOTAL EQUITY			
		1,180,357	804,792

Approved and authorised for issue by the board of directors on 18 March 2026.

LU Chris Xiangyang

Directors

XIE Ling

The notes on pages 78 to 127 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024		27	(2)	3,232,626	76,300	(168,438)	(2,336,541)	803,972
Changes in equity for 2024:								
Loss for the year		-	-	-	-	-	(254,296)	(254,296)
Other comprehensive income		-	-	-	-	11,347	-	11,347
Total comprehensive income		-	-	-	-	11,347	(254,296)	(242,949)
Equity settled share-based transactions	25	-	-	-	30,307	-	-	30,307
Exercise of share options	26(c)	-	-*	3,437	(3,134)	-	-	303
Shares issued by placing, net of issuance costs	26(c)	1	-	213,158	-	-	-	213,159
Balance at 31 December 2024 and 1 January 2025		28	(2)	3,449,221	103,473	(157,091)	(2,590,837)	804,792
Changes in equity for 2025:								
Loss for the year		-	-	-	-	-	(229,318)	(229,318)
Other comprehensive income		-	-	-	-	(24,388)	-	(24,388)
Total comprehensive income		-	-	-	-	(24,388)	(229,318)	(253,706)
Equity settled share-based transactions	25	-	-	-	95,733	-	-	95,733
Exercise of share options	26(c)	-	-*	29,517	(23,813)	-	-	5,704
Vesting of restricted share units	26(c)	-*	-	15,582	(15,582)	-	-	-*
Shares issued by placing, net of issuance costs	26(c)	3	-	527,831	-	-	-	527,834
Balance at 31 December 2025		31	(2)	4,022,151	159,811	(181,479)	(2,820,155)	1,180,357

* The balance represents an amount less than RMB1,000.

The notes on pages 78 to 127 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash used in operations	20(b)	(92,822)	(278,303)
Net cash used in operating activities		(92,822)	(278,303)
Investing activities			
Payment for purchase of property, plant and equipment		(174)	(164)
Proceeds from disposal of property, plant and equipment		14	4
Payment for purchase of intangible assets		(887)	(1,749)
Payment for pledged deposit		(4,000)	–
Decrease in time deposits with original maturity over three months		142,085	176,962
Interest received from bank deposits		34,604	33,139
Net cash generated from investing activities		171,642	208,192
Financing activities			
Proceeds from bank loans	20(c)	137,420	99,010
Repayment of bank loans	20(c)	(119,022)	(49,400)
Interest paid for bank loans	20(c)	(3,668)	(2,732)
Proceeds from issuance of ordinary shares by placing, net of issuance costs	26(c)	527,834	213,159
Proceeds from exercise of share options		6,007	–
Payment for capital element of lease liabilities	20(c)	(1,885)	(1,669)
Payment for interest element of lease liabilities	20(c)	(206)	(292)
Net cash generated from financing activities		546,480	258,076
Net increase in cash and cash equivalents		625,300	187,965
Cash and cash equivalents at 1 January	20(a)	634,323	440,815
Effect of foreign exchange rate changes		(18,855)	5,543
Cash and cash equivalents at 31 December	20(a)	1,240,768	634,323

The notes on pages 78 to 127 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Laekna, Inc. (the “**Company**”) was incorporated in the Cayman Islands on 29 July 2016 as an exempted company with limited liability under the law of the Cayman Islands.

The Company is an investing holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in discovering, developing and commercialising innovative therapies to patients with metabolic diseases, cancer and liver fibrosis around the world.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) on 29 June 2023.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

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

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

(d) Subsidiaries

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

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

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

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

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

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Other investments in securities (Continued)

(i) Non-equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income (OCI). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

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

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

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

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

Laboratory equipment		1–5 years
Office and other equipment		3–5 years
Leasehold improvement	Over the shorter of the unexpired term of lease and the estimated useful lives	
Right-of-use assets		Over the unexpired term of lease

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

(g) Intangible assets

(i) Research and development expenditures

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

(ii) In-licensed rights

Intangible assets acquired separately are measured at cost on initial recognition.

Certain intangible assets are for licenses of intellectual properties in development, with non-refundable upfront payments, milestone payments and royalty payments. Upfront payments are capitalised when paid. Milestone payments are capitalised as intangible assets only if it is probable that the expected future economic benefits will flow to the Group and the cost can be measured reliably. Royalty payments would be accrued for in line with the underlying sales and recognised as a cost of sales.

The intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised when ready for commercial use and over the economic useful 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 the end of each reporting period. Intangible assets with indefinite useful lives or not ready for commercial use will not be amortised but tested for impairment annually either individually or at the cash generating unit level. The impairment test would compare the recoverable amount of the in-licensed asset to its carrying value. 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. The estimated useful lives of in-licensed rights ready for commercial use for the current period are 10 years.

(iii) Software

Computer software is recognised at historical cost and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss. The estimated useful lives of software for the current and comparative periods are 5 years.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets

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

(i) As a lessee

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

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

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

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

Measurement of ECLs

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

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

- fix-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Credit-impaired financial assets (Continued)

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

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

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

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

(j) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(f)) or intangible assets (see Note 2(g)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 1(s)(i)).

(k) Contract liabilities

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

(l) Other receivables

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

Other receivables are initially measured at fair value plus transaction costs. Other receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Cash and cash equivalents

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

(n) Other payables

Other payables are initially recognised at fair value. Subsequent to initial recognition, other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

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

(p) Employee benefits

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

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

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

Share options

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Employee benefits (Continued)

(ii) Share-based payments (Continued)

Restricted share units

The grant-date fair value of equity-settled share-based payments granted to employees is measured by reference to the market price or the valuer's valuation of the underlying shares. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

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

(q) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

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

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

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

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

(r) Provisions and contingent liabilities

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

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(ii)).

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the license sales of goods or the provision of services in the ordinary course of the Group's business.

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

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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

(a) Revenue from license agreements

The Group grants licenses of its intellectual property (the "**License**") to its customers. The consideration for the License comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and sales-based royalties). The upfront fees are recognised as revenue when customers obtain rights to access the technology. Development milestone payments are included in the transaction price and recognised as revenue throughout the license period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales.

(b) Revenue from provision of research and development services

Research and development services comprised performance obligations which are capable of being distinct. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the services.

For the research and development services that i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group concluded that such services can be identified as a performance obligation satisfied over time. The Group use input methods to recognise revenue on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Otherwise, revenue is recognised at a point in time when the customers accept and can benefit from such service.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Revenue and other income (Continued)

(ii) Revenue from other source and other income

(a) Interest income

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

(b) Government grants

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

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

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

(t) Translation of foreign currencies

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

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

The assets and liabilities of foreign operations, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Borrowing costs

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

(v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Segment reporting

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

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

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole, and hence the Group has only one reportable segment which is engaged in the research and development of drugs.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Revenue recognition

Identification of performance obligations under contracts

A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

In assessing whether a license is distinct from the other promises, the Group considers factors such as the research, development, manufacturing and commercialisation capabilities of the customer and the availability of the associated expertise in the general marketplace. In addition, the Group considers whether the customer can benefit from a license for its intended purpose without the receipt of the remaining promises by considering whether the value of the license is dependent on the unsatisfied promises, whether there are other vendors that could provide the remaining promises, and whether it is separately identifiable from the remaining promises.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(a) Critical accounting judgements in applying the Group's accounting policies (Continued)

(ii) Development expenditures

Development expenditures incurred on the Group's drug candidates are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the drug candidates and the ability to measure reliably the expenditure during the development. Development expenditures which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determines whether these relevant development expenditures meet the criteria for capitalisation. All development expenditures were expensed when incurred during the year ended 31 December 2025.

(b) Sources of estimation uncertainty

Note 25 contain information about the assumptions and their risk factors relating to the fair value of equity settled share-based transactions. Other significant sources of estimation uncertainty are as follows:

(i) Stand-alone selling prices of the license and the research and development services

The Group grants the license together with providing research and development services to the customer. As part of the accounting for the arrangement, the Group will develop assumptions that require estimation to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers the fair value of each performance obligation, and the fair value is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, the key assumptions include the cost mark-up rates. The consideration allocated to each performance obligation is limited to the consideration that is not constrained.

(ii) Impairment of intangible assets not ready for commercial use

Intangible assets not ready for commercial use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained in-licenses through acquisition for the purpose of continuing the research and development work and commercialisation of the products, which are classified as intangible assets not ready for commercial use.

An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, each in-license is generally a cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the discovering, developing and commercialising innovative therapies to patients with metabolic diseases, cancer and liver fibrosis. During the year ended 31 December 2025, the Group's revenue was derived from license agreement by granting licenses of certain intellectual properties to Qilu Pharmaceutical Company Limited ("Qilu Pharma") and providing research and development services in relation to the licensed products to the customer.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from the license	88,702	–
Revenue from provision of research and development services	18,017	–
	106,719	–
Disaggregated by timing of revenue recognition		
– Point in time	88,702	–
– Over time	18,017	–
	106,719	–

Revenue from each major customer which accounted for 10% or more the Group's revenue is set out below:

	2025 RMB'000	2024 RMB'000
Qilu Pharma	106,719	–

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

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB34,791,000 (2024: nil), which is expected to occur over the next 12 months.

The above amount does not include any amounts of milestone payments that the Group may earn in the future by meeting the conditions set out in the Group existing contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those payments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment and geographical information

For the purpose of making decisions about resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated, and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Since all of the Group's revenue and operating profit were generated from the sales in Chinese Mainland and most of the Group's identifiable operating assets were located in Chinese Mainland, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

During the year ended 31 December 2025, the Group generated total revenue of RMB106,719,000, exclusively in Chinese Mainland.

5 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	32,636	37,645
Government grants	6,078	524
Net foreign exchange gains	3,133	–
Others	3,010	–
	44,857	38,169

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans	3,668	2,732
Interest on lease liabilities	206	292
	3,874	3,024

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6 LOSS BEFORE TAXATION (Continued)

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	87,984	99,248
Contributions to defined contribution retirement plan (i)	5,125	5,167
Equity settled share-based payment expenses (Note 25)	95,733	30,307
	188,842	134,722

(c) Other items

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets (Note 12)	2,694	2,127
Depreciation charge		
— property, plant and equipment (Note 11)	1,020	1,286
— right-of-use assets (Note 13)	1,736	1,736
	2,756	3,022
Auditors' remuneration		
— audit and related services	3,000	3,000
— tax services	35	32
	3,035	3,032
Research and development expenses (ii)	249,901	215,115
Cost of sales (iii)	20,300	—

(i) The full-time employees of the Group are entitled to various government-sponsored defined-contribution retirement plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(ii) During the year ended 31 December 2025, research and development expenses included staff costs, depreciation and amortisation expenses of RMB101,014,000 in total (2024: RMB83,459,000), in which the respective amounts were also disclosed separately above.

(iii) During the year ended 31 December 2025, cost of sales included staff costs, depreciation and amortisation expenses of RMB3,429,000 in total (2024: nil), in which the respective amounts were also disclosed separately above.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

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

(i) The Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Company is currently not subject to income tax.

(ii) Hong Kong, China

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profits tax had been made for the years ended 31 December 2025 and 2024 as there were no assessable profits.

(iii) The USA

The Company's subsidiary incorporated in the USA is subject to Federal Tax at a rate of 21% and State Profits Tax at a rate of 0.75%–9.00% (2024: 0.75%–9.50%). Operations in the USA have incurred net accumulated operating losses for income tax purposes, and no income tax provisions had been made for the years ended 31 December 2025 and 2024.

(iv) Chinese Mainland

No provision for Chinese Mainland income tax pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations has been made as the Group's subsidiaries which operate in Chinese Mainland are in loss position and have no estimated taxable profits.

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), the Company's Chinese Mainland subsidiaries are subject to the CIT at a rate of 25%.

According to the new tax incentive policies promulgated by the State Tax Bureau of Chinese Mainland in March 2023, effective from 1 January 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX (Continued)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Loss before taxation	(229,318)	(254,296)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(59,716)	(60,655)
Tax effect of non-deductible expenses	5,398	6,298
Tax effect of unused tax losses not recognised	45,536	66,108
Tax effect of deductible temporary differences not recognised	26,437	7,853
Tax effect of super deduction for research and development expenses (Note 7(a)(iv))	(17,655)	(19,604)
Actual tax expense	-	-

(c) Deferred tax assets not recognised

As at 31 December 2025, the Group has not recognised deferred tax assets of certain entities in respect of their respective cumulative tax losses and temporary differences of RMB1,330,399,000 (2024: RMB1,085,410,000) respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to 5 years from the year in which they arose.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	2025 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
LU Chris Xiangyang	-	2,751	561	-	3,312	18,131	21,443
XIE Ling	-	2,106	536	-	2,642	15,750	18,392
GU Xiang Ju Justin	-	2,250	551	68	2,869	16,059	18,928
Non-executive directors							
WANG David Guowei	-	-	-	-	-	-	-
SUN Yuan	-	-	-	-	-	-	-
Independent non-executive directors							
YIN Xudong	366	-	-	-	366	-	366
ZHOU Jian	366	-	-	-	366	-	366
LI Min	366	-	-	-	366	-	366
Total	1,098	7,107	1,648	68	9,921	49,940	59,861

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	2024 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
LU Chris Xiangyang	-	2,590	520	61	3,171	7,998	11,169
XIE Ling	-	1,852	464	77	2,393	3,513	5,906
GU Xiang Ju Justin	-	2,089	512	55	2,656	4,101	6,757
Non-executive directors							
WANG David Guowei	-	-	-	-	-	-	-
SUN Yuan	-	-	-	-	-	-	-
Independent non-executive directors							
YIN Xudong	365	-	-	-	365	-	365
CHAU Kwok Keung (resigned on 15 January 2024)	15	-	-	-	15	-	15
ZHOU Jian (appointed on 15 January 2024)	350	-	-	-	350	-	350
LI Min	365	-	-	-	365	-	365
Total	1,095	6,531	1,496	193	9,315	15,612	24,927

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2024: two) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	5,126	4,933
Discretionary bonuses	1,285	1,236
Retirement scheme contributions	102	89
Share-based payments	22,030	4,053
	28,543	10,311

The emoluments of the two (2024: two) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HKD nil–HKD5,000,000	–	–
HKD5,000,001–HKD10,000,000	–	2
HKD10,000,001–HKD15,000,000	1	–
HKD15,000,001–HKD20,000,000	1	–
	2	2

10 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB229,318,000 (2024: RMB254,296,000) and the weighted average of 388,983,000 ordinary shares (2024: 357,626,000 shares) in issue during the year, calculated as follows:

	2025 '000	2024 '000
Issued ordinary shares at 1 January	374,459	355,981
Effect of shares issued by placing (Note 26(c))	10,356	1,643
Effect of shares options exercised (Note 26(c))	4,168	2
Weighted average number of ordinary shares at 31 December	388,983	357,626

The calculation of diluted loss per share for the years ended 31 December 2025 and 2024 has not included the potential effects of share options and restricted share units issued by the Company, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2025 and 2024 are the same as basic loss per share.

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(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Laboratory equipment <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At 1 January 2024	7,413	1,469	5,203	707	14,792
Additions	64	125	–	176	365
Transfers	–	–	–	(883)	(883)
Disposals	–	(211)	–	–	(211)
Exchange adjustments	–	2	–	–	2
At 31 December 2024 and 1 January 2025	7,477	1,385	5,203	–	14,065
Additions	18	115	–	–	133
Transfers	–	–	–	–	–
Disposals	(69)	(198)	–	–	(267)
Exchange adjustments	–	(2)	–	–	(2)
At 31 December 2025	7,426	1,300	5,203	–	13,929
Accumulated depreciation:					
At 1 January 2024	(4,038)	(1,045)	(5,203)	–	(10,286)
Charge for the year	(1,032)	(254)	–	–	(1,286)
Disposals	–	194	–	–	194
Exchange adjustments	–	(1)	–	–	(1)
At 31 December 2024 and 1 January 2025	(5,070)	(1,106)	(5,203)	–	(11,379)
Charge for the year	(925)	(95)	–	–	(1,020)
Disposals	62	188	–	–	250
Exchange adjustments	–	1	–	–	1
At 31 December 2025	(5,933)	(1,012)	(5,203)	–	(12,148)
Net book value:					
At 31 December 2025	1,493	288	–	–	1,781
At 31 December 2024	2,407	279	–	–	2,686

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

12 INTANGIBLE ASSETS

	In-licensed rights <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At 1 January 2024	120,711	6,602	127,313
Additions	–	322	322
Transfers	–	883	883
Exchange adjustments	1,801	–	1,801
At 31 December 2024 and 1 January 2025	122,512	7,807	130,319
Additions	–	1,411	1,411
Transfers	–	(273)	(273)
Exchange adjustments	(2,418)	–	(2,418)
At 31 December 2025	120,094	8,945	129,039
Accumulated amortisation:			
At 1 January 2024	–	(3,084)	(3,084)
Charge for the year	–	(2,127)	(2,127)
At 31 December 2024 and 1 January 2025	–	(5,211)	(5,211)
Charge for the year	(618)	(2,076)	(2,694)
At 31 December 2025	(618)	(7,287)	(7,905)
Net book value:			
At 31 December 2025	119,476	1,658	121,134
At 31 December 2024	122,512	2,596	125,108

(a) In-licensed rights

The balance of in-licensed rights represents payments made to acquire development and commercialisation rights of drug products from third parties. Due to the inherent uncertainties in the research and development processes, these assets are particularly at risk of impairment if the projects are not expected to result in commercialised products. Key terms of these licenses are set out below:

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

12 INTANGIBLE ASSETS (Continued)

(a) In-licensed rights (Continued)

(i) LAE001

On 30 June 2017, the Group entered into a license agreement with Novartis Pharma AG (“**Novartis**”), pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the licensed product LAE001 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD1 million (equivalent to RMB6.6 million) and granted 776,437 ordinary shares of the Company to Novartis (equaling to 7,764,370 shares after adjusting for the effect of the share subdivision upon the Listing). The Group capitalised an amount of USD1.8 million (equivalent to RMB12.2 million) in total. The Group also agreed to make regulatory milestone payments, as well as royalty payments on net sales to Novartis. As at 31 December 2025, LAE001 was not ready for commercial use.

(ii) LAE002 & LAE003

On 9 May 2018, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the licensed products LAE002 and LAE003 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD5 million (equivalent to RMB31.9 million) and granted 165,200 ordinary shares of the Company to Novartis (equaling to 1,652,000 shares after adjusting for the effect of the share subdivision upon the Listing). The Group capitalised an amount of USD5.2 million (equivalent to RMB33.5 million) in total. The Group also agreed to make clinical trial milestone payments, regulatory milestone payments, sales milestone payments, as well as royalty payments on net sales to Novartis.

In 2025, the Group entered into an exclusive license agreement with Qilu Pharma for research, development, and commercialisation of LAE002 in China. Accordingly, the products started commercial use and relevant in-licensed rights commenced amortisation in 2025.

(iii) LAE005

On 4 February 2020, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the products LAE005 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD10 million (equivalent to RMB69.4 million) to Novartis and capitalised such payment. The Group also agreed to make clinical trial milestone payments, regulatory milestone payments, sales milestone payments, as well as royalty payments on net sales to Novartis. As at 31 December 2025, LAE005 was not ready for commercial use.

NOTES TO THE FINANCIAL STATEMENTS

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12 INTANGIBLE ASSETS (Continued)

(a) In-licensed rights (Continued)

(iv) Impairment test

Intangible assets not yet ready for commercial use are tested annually based on the recoverable amount of the CGU to which the intangible asset is related. The appropriate CGU is at the product level. The annual impairment test was performed for each drug by engaging an independent qualified professional valuer to estimate fair value less costs of disposal as the recoverable amount of each drug. The fair value is based on the multi-period excessive earning method and the Group estimated the forecast period till year 2035 for each drug based on the timing of clinical development and regulatory approval, commercial ramp up to reach expected peak revenue potential, and the length of exclusivity for each product. The estimated revenue of each drug is based on management's expectations of timing of commercialization. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. The discount rates used are post-tax and reflect the general business and market risk of the Group. The discount rates are derived from capital asset pricing model by taking applicable market data into account, such as risk-free rate, market premium, beta, company specific risk and size premium, etc.

The key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
<i>LAE001</i>		
Discount rate	17%	17%
Revenue growth rate	10% to 37%	-3% to 77%
Recoverable amount of CGU (in RMB million)	54.3	203.3
<i>LAE005</i>		
Discount rate	17%	17%
Revenue growth rate	0% to 76%	-6% to 17%
Recoverable amount of CGU (in RMB million)	101.5	113.8

Based on the result of the above assessment, there were no impairment for the in-licensed rights as at 31 December 2025 and 2024.

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12 INTANGIBLE ASSETS (Continued)

(a) In-licensed rights (Continued)

(iv) Impairment test (Continued)

Impairment test — sensitivity

The Group has performed sensitivity tests by increasing 1% of the discount rate or decreasing 1% of the revenue growth rate, which are the key assumptions for determining the recoverable amount of the in-licensed rights, with all other variables held constant. The impacts on the amount by which the in-licensed rights' recoverable amount above its carrying amount (headroom) are as below:

	2025 <i>RMB'million</i>	2024 <i>RMB'million</i>
<i>LAE001</i>		
Carrying amount	12.7	12.4
Headroom	41.6	190.9
Impact by increasing discount rate	(16.6)	(27.8)
Impact by decreasing revenue growth rate	(5.0)	(10.6)
<i>LAE005</i>		
Carrying amount	70.3	71.9
Headroom	31.2	41.9
Impact by increasing discount rate	(9.1)	(11.2)
Impact by decreasing revenue growth rate	(1.3)	(2.5)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of each in-licensed rights' recoverable amount would not cause its carrying amount to exceed its recoverable amount.

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13 RIGHT-OF-USE ASSETS

The Group has obtained the right to use certain properties through tenancy agreements. The leases typically run for an initial period of 3–10 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. None of the leases includes variable lease payments.

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Office Building RMB'000
At 1 January 2024	6,510
Charge for the year	(1,736)
At 31 December 2024 and 1 January 2025	4,774
Charge for the year	(1,736)
At 31 December 2025	3,038

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset — properties leased for own use	1,736	1,736
Interest on lease liabilities (Note 6(a))	206	292
Expense relating to short-term leases	2,341	2,421

Details of the total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(d) and 23, respectively.

14 PLEDGED DEPOSITS

As at 31 December 2025, deposits of RMB4,053,000 (2024: nil) were pledged to secure issuance of a bank letter of guarantee related to a future lease commitment with original maturity over one year and therefore classified as non-current assets.

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15 INVESTMENTS IN SUBSIDIARIES

The following list contains subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest						Principal activities
			Group's effective interest		Held by the Company		Held by a subsidiary		
			2025	2024	2025	2024	2025	2024	
Laekna Limited ("Laekna HK")	Hong Kong	USD130,000,128	100%	100%	100%	100%	-	-	Research and development of drug candidates
Laekna LLC ("Laekna LLC")	USA	-	100%	100%	100%	100%	-	-	Research and development of drug candidates
*Laekna Therapeutics Shanghai Co., Ltd. (來凱醫藥科技(上海)有限公司)	Chinese Mainland	RMB102,177,006	100%	100%	-	-	100%	100%	Research and development of drug candidates
*Laekna Pharmaceutical Ningbo Co., Ltd. (來凱製藥(寧波)有限公司)	Chinese Mainland	USD60,000,000	100%	100%	-	-	100%	100%	Research and development of drug candidates and pharmaceutical

* Wholly-owned foreign enterprise in Chinese Mainland

The carrying amount of interest in subsidiaries is listed below:

	2025 RMB'000	2024 RMB'000
Unlisted, at cost		
Laekna LLC	14,018	14,331
Laekna HK	1,107,073	1,035,822
	1,121,091	1,050,153

NOTES TO THE FINANCIAL STATEMENTS

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16 OTHER NON-CURRENT ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Value-add tax recoverable	10,015	11,475
Prepayments for equipment	1,109	1,754
Refundable rental deposits	855	615
Others	271	224
	12,250	14,068

17 CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	–	–
Increase in contract liabilities as a result of billing in advance of performance	34,791	–
At the end of the year	34,791	–

The Group receives upfront payments before the provision of research and development service, and this will give rise to contract liabilities at the start of a contract, until the revenue recognised from provision of research and development service exceeds the amount of the upfront payments. The amount of the upfront payments was negotiated on a case-by-case basis with the respective customers.

All the contract liabilities are expected to be recognised as income within one year.

18 PREPAYMENTS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current:		
Prepayments to suppliers	6,192	7,907
Other debtors and deposits	4,005	5,461
	10,197	13,368

All of the current prepayments and other receivables are expected to be recovered or recognised as expense within one year.

19 TIME DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank deposits with original maturity over three months	19,073	161,158
Accrued interest	82	2,453
	19,155	163,611

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION

(a) Cash and bank balances comprise:

	2025 RMB'000	2024 RMB'000
Cash at banks	113,785	194,172
Deposits with banks	1,126,983	440,151
Cash and cash equivalents in the consolidated cash flow statement	1,240,768	634,323
Accrued interest	2,450	2,099
Cash and bank balances in the consolidated statement of financial position	1,243,218	636,422

As at 31 December 2025, cash and cash equivalents of the Group situated in Chinese Mainland amounted to RMB404,400,000 (2024: RMB259,738,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	2025 RMB'000	2024 RMB'000
Loss before taxation		(229,318)	(254,296)
Adjustments for:			
Depreciation of property, plant and equipment	11	1,020	1,286
Amortisation of intangible assets	12	2,694	2,127
Amortisation of other non-current assets		46	120
Depreciation of right-of-use assets	13	1,736	1,736
Equity settled share-based payment expenses	6(b)	95,733	30,307
Interest income from bank deposits	5	(32,636)	(37,645)
Finance costs	6(a)	3,874	3,024
Net loss on disposal of property, plant and equipment		4	13
Operating loss before changes in working capital		(156,847)	(253,328)
Changes in working capital:			
Increase in contract liabilities		34,791	-
Decrease/(increase) in operating receivables		4,640	(9,130)
Increase/(decrease) in operating payables		24,594	(15,845)
Cash used in operations		(92,822)	(278,303)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans <i>RMB'000</i> (Note 21)	Lease liabilities <i>RMB'000</i> (Note 23)	Total <i>RMB'000</i>
At 1 January 2024	49,400	6,986	56,386
Changes from financing cash flows:			
Proceeds from bank loans	99,010	–	99,010
Repayment of bank loans	(49,400)	–	(49,400)
Payment for capital element of lease liabilities	–	(1,669)	(1,669)
Payment for interest element of lease liabilities	–	(292)	(292)
Interest paid	(2,732)	–	(2,732)
Total changes from financing cash flows	46,878	(1,961)	44,917
Other changes:			
Interest expenses (Note 6(a))	2,732	292	3,024
At 31 December 2024 and 1 January 2025	99,010	5,317	104,327
Changes from financing cash flows:			
Proceeds from bank loans	137,420	–	137,420
Repayment of bank loans	(119,022)	–	(119,022)
Payment for capital element of lease liabilities	–	(1,885)	(1,885)
Payment for interest element of lease liabilities	–	(206)	(206)
Interest paid	(3,668)	–	(3,668)
Total changes from financing cash flows	14,730	(2,091)	12,639
Other changes:			
Interest expenses (Note 6(a))	3,668	206	3,874
At 31 December 2025	117,408	3,432	120,840

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating cash flows	2,341	6,421
Within financing cash flows	2,091	1,961
	4,432	8,382

21 BANK LOANS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unsecured bank loans due within 1 year	117,408	99,010

As at 31 December 2025, unsecured bank loans carried interest at annual rates ranging from 2.37% to 3.85% (2024: 3.20% to 4.10%) per annum and were all repayable within one year.

As at 31 December 2025, certain bank loans of RMB17,500,000 (2024: RMB5,000,000) of the Group are subject to the fulfilment of covenants relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related bank loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. Further details of the Group's management of liquidity risk are set out in Note 27(b). As at 31 December 2025, none of the covenants were breached.

22 OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Payroll payables	12,744	13,456
Accrued research and development expenses	54,937	29,048
Other payables and accrued charges	7,657	4,914
	75,338	47,418

All of the other payables are expected to be settled within one year or repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

23 LEASE LIABILITIES

At 31 December 2025 and 2024, the lease liabilities were repayable as follows:

	2025		2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	2,045	2,090	2,045	2,090
After 1 year but within 2 years	1,387	1,478	1,950	2,090
After 2 year but within 5 years	-	-	1,322	1,478
	1,387	1,478	3,272	3,568
	3,432	3,568	5,317	5,658
Less: total future interest expenses		(136)		(341)
Present value of lease liabilities		3,432		5,317

24 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	3,500	3,500

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share options

The Company adopted an employee share option scheme (“**Pre-IPO Share Option Scheme**”) on 11 April 2018 (which was subsequently amended on 30 October 2019, 20 April 2021 and 31 March 2022), pursuant to which, the directors of the Company are authorised to issue share options to employees, directors, and advisors of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Options granted to directors	19,953,020	10 years
Options granted to employees	26,600,000	10 years
Options granted to advisors	500,000	10 years
Total share options granted	47,053,020	

Unless otherwise approved by the Board of Directors, the Company adopted three vesting conditions for the above share options granted:

- 20% of the share options are expected to vest after twelve months of the grant date, and the remaining are expected to vest ratably over the following sixteen quarters;
- 40% of the share options are expected to vest after twenty-four months of the grant date, and the remaining are expected to vest ratably over the following twelve quarters; or
- 100% of the share options are expected to vest upon the grant date.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Share options (Continued)

(ii) The movement of the number of share options are as follows:

	2025 '000	2024 '000
Outstanding at the beginning of the year	32,557	33,957
Exercised during the year	(7,364)	(842)
Forfeited during the year	(433)	(558)
Outstanding at the end of the year	24,760	32,557
Exercisable at the end of the year	21,123	23,226

All the share options granted are exercisable upon vesting and after the occurrence of an initial public offering (“IPO”) of the Company’s shares unless otherwise approved by the Board of Directors, and will expire on or before the latter of (1) the third anniversary after the aforementioned occurrence of IPO, and (2) the tenth anniversary after commencement date as indicated in the relevant offer letters signed between the grantees and the Company. The share options outstanding at 31 December 2025 had an weighted average exercise price of USD0.21 (2024: USD0.18) and an weighted average remaining contractual life of 4.7 years (31 December 2024: 5.7 years).

(iii) Fair value of share options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

During the year ended 31 December 2025, total expenses recognised in profit or loss for the above transactions were RMB7,803,000 (2024: RMB19,278,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Restricted share units

The Company further adopted a post-IPO share award scheme (“**Share Award Scheme**”), as approved by the resolution of shareholders on 14 June 2024, pursuant to which, maximum number of 39,010,035 ordinary shares are authorised for issuance of restricted share units (“**RSUs**”) to employees, directors and service providers of the Group. The Share Award Scheme shall be effective for 10 years commencing on 14 June 2024. As at 31 December 2025, 22,700,000 RSUs were granted by the Company to directors and employees of the Group under the Share Award Scheme.

(i) The terms and conditions of the grants are as follows:

	Number of RSUs	Vesting conditions	Price per RSUs <i>RMB</i>
RSUs granted to directors	9,300,000	Graded vest of one fourth per year over four years from announcement date	Nil
RSUs granted to employees	13,400,000	Graded vest of one fourth per year over four years from announcement date	Nil
Total RSUs granted	22,700,000		

(ii) The movement of the number of RSUs are as follows:

	2025 '000	2024 '000
Balance at the beginning of the year	11,240	–
Granted during the year	11,460	11,240
Forfeited during the year	(320)	–
Balance at the end of the year	22,380	11,240

(iii) Fair value of restricted shares granted

The grant-date fair value of the RSUs granted is measured based on the closing price of the Company’s shares at the respective grant date.

During the year ended 31 December 2025, total expenses recognised in profit or loss for the above transactions were RMB87,930,000 (2024: RMB11,029,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024		27	(2)	3,232,626	76,300	(128,378)	(1,259,536)	1,921,037
Changes in equity for 2024:								
Total comprehensive income for the year		-	-	-	-	28,683	(1,987)	26,696
Equity settled share-based payments	25	-	-	-	30,307	-	-	30,307
Exercise of share options	26(c)	-	-*	3,437	(3,134)	-	-	303
Shares issued by placing, net of issuance costs	26(c)	1	-	213,158	-	-	-	213,159
Balance at 31 December 2024 and 1 January 2025		28	(2)	3,449,221	103,473	(99,695)	(1,261,523)	2,191,502
Changes in equity for 2025:								
Total comprehensive income for the year		-	-	-	-	(55,628)	19,829	(35,799)
Equity settled share-based payments	25	-	-	-	95,733	-	-	95,733
Exercise of share options	26(c)	-	-*	29,517	(23,813)	-	-	5,704
Vesting of restricted share units	26(c)	-*	-	15,582	(15,582)	-	-	-*
Shares issued by placing, net of issuance costs	26(c)	3	-	527,831	-	-	-	527,834
Balance at 31 December 2025		31	(2)	4,022,151	159,811	(155,323)	(1,241,694)	2,784,974

* The balance represents an amount less than RMB1,000.

(b) Dividends

The directors of the Company did not propose any payment of dividend for the year ended 31 December 2025 (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

As at 31 December 2025, the authorised share capital of the Company was USD50,000 divided into 5,000,000,000 ordinary shares with par value of USD0.00001 each.

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	No. of shares <i>'000</i>	Share capital <i>RMB'000</i>	Treasury shares <i>RMB'000</i>
Ordinary shares, issued and fully paid:			
At 1 January 2024	390,100	27	(2)
Shares issued by placing (i)	17,636	1	–
Exercise of share options (ii)	–	–	–*
At 31 December 2024	407,736	28	(2)
Shares issued by placing (iii)	36,000	3	–
Exercise of share options (iv)	–	–	–*
Vesting of restricted share units (v)	2,730	–*	–
At 31 December 2025	446,466	31	(2)

* The balance represents an amount less than RMB1,000.

- (i) On 27 November 2024, the Company issued 17,636,000 ordinary shares at an offer price of HK\$13.36 per share. Net proceeds from the placing amounted to RMB213,159,000 equivalent, after deducting issuance costs. Out of the net proceeds, RMB1,000 and RMB213,158,000 were credited to the Company's share capital and share premium account, respectively.
- (ii) On 30 December 2024, 842,240 vested share options were exercised and accordingly, 842,240 ordinary shares with a par value of USD0.00001 were deducted from the treasury shares.
- (iii) On 17 September 2025, the Company issued 36,000,000 ordinary shares at an offer price of HK\$16.30 per share. Net proceeds from the placing amounted to RMB527,834,000 equivalent, after deducting issuance costs. Out of the net proceeds, RMB3,000 and RMB527,831,000 were credited to the Company's share capital and share premium account, respectively.
- (iv) During the year ended 31 December 2025, 7,363,700 vested share options were exercised and accordingly, 7,363,700 ordinary shares with a par value of USD0.00001 were deducted from the treasury shares.
- (v) During the year ended 31 December 2025, 2,730,000 restricted share units were vested by the grantees of Share Award Scheme.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands.

(ii) Capital reserve

The capital reserve primarily comprises the fair value of the actual or estimated number of unexercised share options granted to directors, employees and advisors of the Group in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and lease liabilities but excludes financial instruments issued to investors) less cash and bank balances. Adjusted capital comprises all components of equity and financial instruments issued to investors.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Capital management (Continued)

The Group's adjusted net debt-to-capital ratio as at 31 December 2025 and 2024 are as follows:

	Note	2025 RMB'000	2024 RMB'000
Current liabilities:			
— Bank loans	21	117,408	99,010
— Lease liabilities	23	2,045	2,045
		119,453	101,055
Non-current liabilities:			
— Lease liabilities	23	1,387	3,272
Total debt		120,840	104,327
Less: Cash and bank balances	20	(1,243,218)	(636,422)
Adjusted net debt		(1,122,378)	(532,095)
Total equity		1,180,357	804,792
Adjusted capital		1,180,357	804,792
Adjusted net debt-to-capital ratio		N/A	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are reputable banks, for which the Group considered to have insignificant credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Management has assessed that other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay; and
- expected undiscounted cash flows provided to the Group's key management personnel and the date the Group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

	2025					
	Undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	118,833	–	–	–	118,833	117,408
Other payables	74,661	–	–	–	74,661	75,338
Lease liabilities	2,090	1,478	–	–	3,568	3,432
	195,584	1,478	–	–	197,062	196,178

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	2024					
	Undiscounted cash outflow					Carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	100,429	–	–	–	100,429	99,010
Other payables	47,418	–	–	–	47,418	47,418
Lease liabilities	2,090	2,090	1,478	–	5,658	5,317
	149,937	2,090	1,478	–	153,505	151,745

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, bank loans and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

(d) Currency risk

The Group is exposed to currency risk primarily through purchases which give rise to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign currency risk. The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising the Group are not significant.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28 COMMITMENT

Commitments outstanding at 31 December 2025 and 2024 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for acquisition of property, machinery and equipment	2,860	4,045
Authorised but not contracted for acquisition of property, machinery and equipment	-	3,031
	2,860	7,076

In addition, the Group was committed at 31 December 2025 to enter into a new lease that is not yet commenced, the lease payments under which amounted to RMB1,296,000 per annum for the first three years and RMB1,692,000 per annum for the fourth and fifth years.

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	11,742	11,102
Discretionary bonuses	2,741	2,544
Equity settled share-based payment expenses	64,499	17,890
	78,982	31,536

(b) Other transactions with related parties

Except for the disclosure in Note 29(a), the Group did not enter into other material related party transactions during the years ended 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Intangible assets		83,007	122,512
Investments in subsidiaries	15	1,121,091	1,050,153
Prepayments and other receivables		690,026	453,048
		1,894,124	1,625,713
Current assets			
Prepayments and other receivables		3,857	547
Time deposits		19,155	163,611
Cash and bank balances		870,711	405,214
		893,723	569,372
Current liabilities			
Other payables		2,873	3,583
Net current assets		890,850	565,789
Total assets less current liabilities		2,784,974	2,191,502
NET ASSETS		2,784,974	2,191,502
CAPITAL AND RESERVES			
Share capital	26(a)	31	28
Treasury shares		(2)	(2)
Reserves		2,784,945	2,191,476
TOTAL EQUITY		2,784,974	2,191,502

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider that the Group has no immediate and ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IFRS 9, Financial instruments and IFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, Financial instruments and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sales or contribution of assets between an investor and its associate or joint venture</i>	Available for optional adoption/effective date deferred indefinitely

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Renminbi)

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Loss from operations	(225,444)	(251,272)	(295,877)	(393,149)	(225,610)
Loss before taxation	(229,318)	(254,296)	(368,814)	(781,594)	(748,964)
Loss for the year	(229,318)	(254,296)	(368,814)	(781,594)	(748,964)
Total comprehensive income for the year	(253,706)	(242,949)	(458,674)	(902,197)	(730,027)

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	142,256	146,636	144,254	145,233	149,948
Current assets	1,272,570	813,401	788,049	334,631	308,897
Total assets	1,414,826	960,037	932,303	479,864	458,845
Non-current liabilities	4,887	6,772	8,569	2,287,441	1,528,024
Current liabilities	229,582	148,473	119,762	97,509	41,990
Total liabilities	234,469	155,245	128,331	2,384,950	1,570,014
Total equity/(deficit)	1,180,357	804,792	803,972	(1,905,086)	(1,111,169)