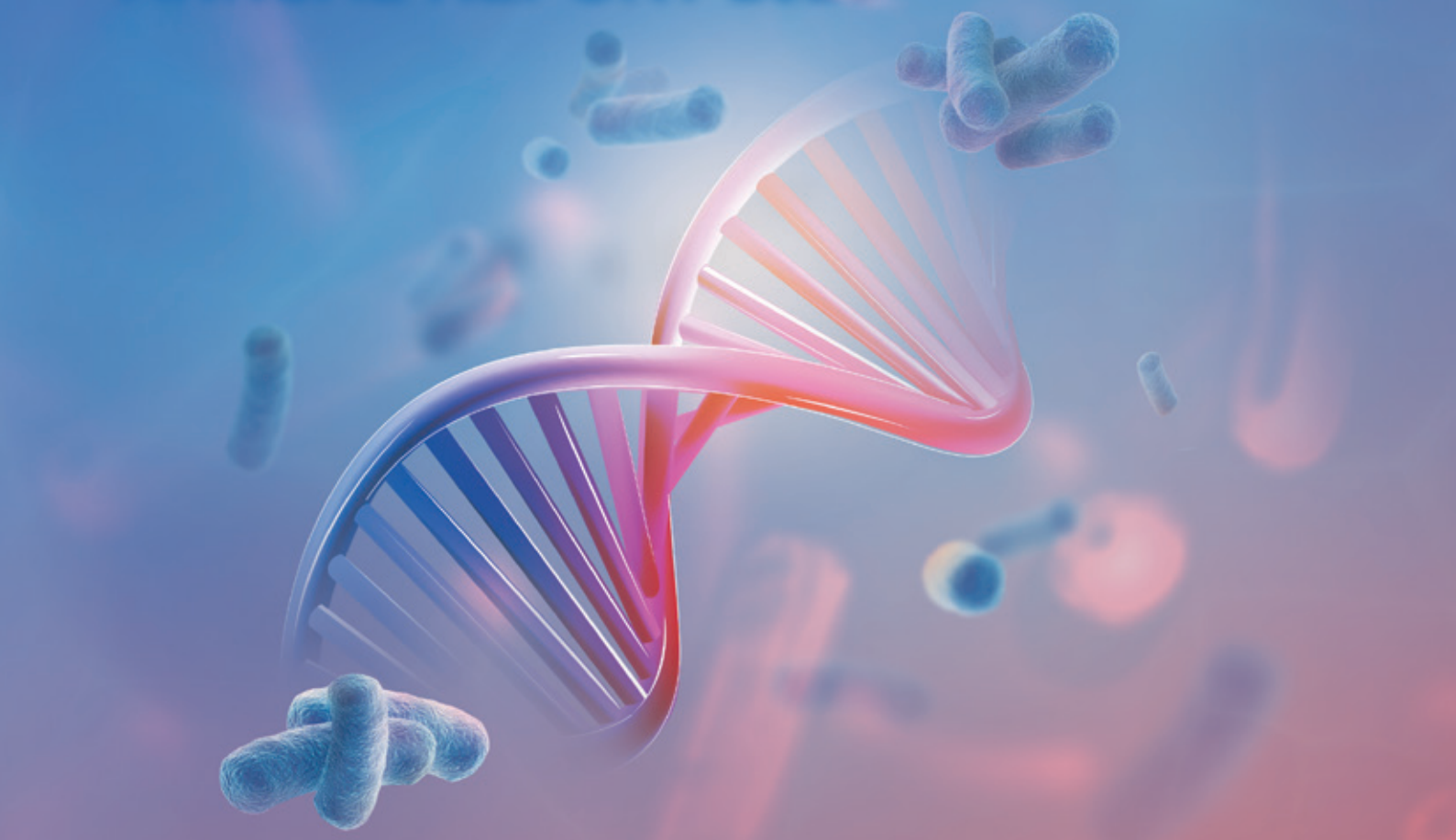
华昊中天
Biostar

北京華昊中天生物醫藥股份有限公司
Beijing Biostar Pharmaceuticals Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2563

ANNUAL REPORT 2025



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Company Profile

Beijing Biostar Pharmaceuticals Co., Ltd. is a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. Since its inception in 2002, the Company has successfully established three core technology platforms that focus on the R&D of microbial metabolite new drugs, and developed a series of innovative drugs. As of now, the Company had one commercialized product and 19 other pipeline product candidates. The Company's Core Product and 16 out of 19 product candidates are based on a single active pharmaceutical ingredient, namely, Utidelone, which was represented in three formulations of its product portfolio, namely Utidelone Injection, Utidelone Capsule and Utidelone-based ADC. The Company's current clinical trials and programs of the Core Product and product candidates cover indications of advanced breast cancer (encompassing stage IIIB and IIIC breast cancers that are initially inoperable without distant metastasis, as well as all stage IV breast cancers), early breast cancer neoadjuvant and adjuvant intensive, advanced non-small cell lung cancer (NSCLC), gastric cancer, esophageal cancer, breast cancer brain metastasis, lung cancer brain metastasis, glioblastoma, and other solid tumors.

Utidelone Injection received approval from the NMPA in 2021, ending a nearly two-decade absence of independently developed domestic Class 1 innovative chemotherapy drugs in China. The approved indication was the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. Utidelone Injection was the only approved chemotherapy drug developed using synthetic biology technology, and it was also the sole microtubule inhibitor oncology drug with a new molecular structure that was approved worldwide since 2010. Based on its distinct β-tubulin binding site as a microtubule stabilizer (similar to taxanes) and unique chemical structure, Utidelone possesses various characteristics such as broad anti-cancer spectrum, low hematological toxicity, efficacy against multidrug-resistant tumors, reduced likelihood of developing drug resistance, and the ability to cross the blood-brain barrier. Additionally, Utidelone is produced by fermentation of genetical engineering bacteria, representing an application of synthetic biology.

Leveraging its synthetic biology technology platforms as well as the continuous efforts made to develop other formulations of Utidelone and other active pharmaceutical ingredients, the Company has also independently developed an oral formulation of Utidelone, namely Utidelone Capsule, which is currently under phase II/III clinical trials. It is poised to be the world's first approved oral solid formulation of a microtubule stabilizer for oncology indications. Additionally, the Company is dedicating significant resources to propel the Utidelone ADC project forward, particularly the development of novel bispecific dual-payload ADCs.

Corporate Information

BOARD

Executive Directors

Dr. Tang Li *(Chairperson, Executive Director, Chief Scientific Officer and Chief Marketing Officer)*
Dr. Qiu Rongguo
Mr. Zhang Cheng
Dr. Guan Jin

Non-executive Directors

Mr. Tang Jin
Ms. Dai Xuefen *(appointed on May 23, 2025)*

Independent Non-executive Directors

Dr. Meng Songdong
Mr. Shiu Shu Ming *(appointed on May 23, 2025)*
Dr. Ye Chengang *(appointed on May 23, 2025)*

AUDIT COMMITTEE

Mr. Shiu Shu Ming *(Chairperson)*
Dr. Meng Songdong
Mr. Tang Jin

NOMINATION COMMITTEE

Dr. Meng Songdong *(Chairperson)*
Mr. Shiu Shu Ming
Dr. Tang Li

REMUNERATION AND ASSESSMENT COMMITTEE

Dr. Ye Chengang *(Chairperson)*
Dr. Meng Songdong
Dr. Qiu Rongguo

STRATEGY COMMITTEE

Dr. Tang Li *(Chairperson)*
Dr. Qiu Rongguo
Dr. Guan Jin

JOINT COMPANY SECRETARIES

Mr. Liu Kailin
Mr. Chan Yik Pun

AUTHORISED REPRESENTATIVES

Dr. Tang Li
Mr. Chan Yik Pun

AUDITOR

WUYIGE Certified Public Accountants LLP
Room 2206, 22/F
No. 1 Zhichun Road, Haidian District
Beijing

LEGAL ADVISER

Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F
Jardine House, One Connaught Place, Central
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
China Construction Bank (Asia) Corporation Limited

In Mainland China:
Bank of China Limited (Beijing East Highland Sub-branch)
China Construction Bank Corporation (Chengdu Gaoxin West branch)

REGISTERED OFFICE

Room 1202B, 12/F, Building 3
No. 22 Ronghua Middle Road
Beijing Economic-Technological Development Area
Beijing
PRC

Corporate Information (Continued)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1202B, 12/F, Building 3
No. 22 Ronghua Middle Road
Beijing Economic-Technological Development Area
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

STOCK CODE

2563

COMPANY'S WEBSITE

www.biostar-pharm.com

LISTING DATE

October 31, 2024

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2025	2024	**YOY**
	RMB'000	RMB'000	**CHANGE**
Revenue	**33,364**	71,866	(53.6)%
Gross profit	**30,757**	62,121	(50.5)%
Net profit	**(131,435)**	(143,777)	(8.6)%
Loss for the year attributable to equity shareholders of the Company	**(131,435)**	(143,777)	(8.6)%
Loss per share	**(0.36)**	(0.41)	(12.2)%
Monetary funds	**456,767**	466,636	(2.1)%
R&D expenses	**82,993**	116,292	(28.6)%

Chairman's Statement

Dear Shareholders, Investors, partners, and all colleagues:

The year 2025 marked the first full operating year for Biostar after listing on the Main Board of the Hong Kong Stock Exchange. It was also a pivotal year in which the Company forged ahead with determination, continued to leverage synthetic biology technologies as its core driving force, focused on the R&D of innovative oncology drug, and advanced its global strategic expansion. Driven by innovation, Biostar actively addressed various challenges following its public listing, including a complex industry environment and intense market competition. All members of Biostar adhered to the original aspiration of science, continued to deepen our focus on innovation and made steady progress in new product development, clinical research, commercialization cooperation, patent layout, and corporate governance, laying a solid foundation for sustainable, high-quality long-term growth. On behalf of the Board, I would like to extend our sincere gratitude to all the shareholders, investors, healthcare workers, patients, and all stakeholders who have supported the Company's development.

I. ANNUAL BUSINESS OVERVIEW

During the Reporting Period, the Company remains committed to placing equal emphasis on R&D innovation and commercialization. Our core product, Utidelone Injection, was the Company's first commercialized Class 1 innovative anti-tumor drug. The Company cooperated with Baheal Pharma to carry out market promotion and access expansion, to meet unmet clinical needs. A new specification of Utidelone Injection (3 ml; 30 mg) has been approved and was additionally included in the 2025 National Reimbursement Drug List. The Company has also continued to make steady progress in pipeline development and achieved notable milestones in globalization strategy. Leveraging synthetic biology technology platform, the Company continued to optimize manufacturing processes and quality management systems, ensuring production stability and high-quality supply.

As a synthetic biology pharmaceutical company listed on the Hong Kong Stock Exchange, the Company maintained communication with the Stock Exchange in accordance with the Listing Rules of the Hong Kong Stock Exchange and domestic and overseas regulatory requirements, continuously improving its governance structure, improving the quality of information disclosure, and strengthening internal control and risk management systems.

II. FORGING CORE COMPETITIVENESS WITH INNOVATION IN RESEARCH AND DEVELOPMENT

In 2025, the Company continued to increase R&D investment, promote multi-level clinical development around the Utidelone series and new global pipelines, and achieve milestone progress in multiple key studies:

Innovation is the lifeblood of biotechnology companies. In 2025, upholding the mission of "committed to original new drugs for the benefit of cancer patients", Biostar continued to adhere to the innovation-driven development strategy, increased the investment and advancement of the ADC project, promoted multi-level clinical development around the Utidelone series and new global pipelines, and achieved milestone progress in multiple key studies:

Utidelone Injection: The Company continued to advance expanded clinical research of Utidelone Injection in breast cancer and other solid tumors, accumulating additional clinical data and evidence to further strengthen its differentiated competitive advantage. In 2025, FDA granted Orphan Drug Designation to Utidelone Injection for the treatment of pancreatic cancer. In addition, the pivotal clinical trial in the U.S. evaluating Utidelone Injection for breast cancer with brain metastases commenced patient enrollment, while the pivotal clinical trial in China for lung cancer with brain metastases also initiated enrollment. The patient enrollment of the Phase III neoadjuvant clinical study of Utidelone Injection for breast cancer approached the final stage. In addition, the new specification of Utidelone Injection (3 ml; 30 mg) was additionally included in the National Reimbursement Drug List.

Utidelone Capsule: The clinical development of Utidelone Capsules progressed smoothly, with both safety and efficacy validated. Multiple domestic and international multi-center clinical trials were conducted as planned, providing support for future indication expansion and global regulatory submissions. The Phase I clinical trial of Utidelone Capsules for patients with advanced solid tumors in the U.S. was successfully completed. The study evaluating the safety, tolerability, pharmacokinetic profile and bioavailability of Utidelone Capsules in advanced solid tumors was successfully completed in China. The Phase II clinical study of Utidelone Capsules in combination with capecitabine for the treatment of advanced breast cancer was successfully completed and achieved satisfactory results. The Phase II/III international multi-center clinical trial of Utidelone Capsules for the treatment of gastric cancer initiated patient enrollment. The Phase II/III international multi-center clinical trial of Utidelone Capsules as a first-line treatment for advanced gastric cancer initiated patient enrollment. The Phase II/III international multi-center clinical trial of Utidelone Capsules for platinum-resistant advanced ovarian cancer initiated patient enrollment. The Phase III clinical study of Utidelone Capsules as adjuvant intensified therapy for triple-negative breast cancer in China initiated patient enrollment.

At the same time, in 2025, multiple investigator-initiated clinical studies of Utidelone Injection and Utidelone Capsules for the treatment of breast cancer, pancreatic cancer, prostate cancer, urothelial carcinoma, soft tissue sarcoma, ovarian cancer, and solid tumors with brain metastases were also actively advancing in patient enrollment.

ADC candidates with novel payloads: The Company is actively advancing the innovative development of ADC programs using Utidelone and other novel derivatives as effective payloads. In particular, the Company focused on the development of new bispecific dual-payload ADC products, with the goal of filing an IND application in 2026. This program is expected to become a new growth driver for the Company.

Continuous upgrading of technology platforms: The Company strengthened the development of its core technology platforms, including synthetic biology, microbial metabolic engineering, and innovative drug discovery, enhancing its end-to-end capabilities from strain engineering and fermentation processes to drug development. At the same time, the Company advanced toward novel payload ADC platforms, providing strong technological support for the continuous output of innovative pipelines and sustainable long-term development of the Company.

Academic and industry recognition: On the academic front, multiple sets of clinical data have been published in leading journals or selected for presentation at major international academic conferences. Notably, the study titled "Utidelone in Combination with Bevacizumab for the Treatment of HER2-Negative Breast Cancer with Active Brain Metastases" was published in JAMA Oncology. In addition, several clinical research results were presented at the 2025 American Society of Clinical Oncology ("ASCO") Annual Meeting, the European Society for Medical Oncology ("ESMO") 2025, and the San Antonio Breast Cancer Symposium ("SABCS") 2025, with one study selected for an oral presentation. In terms of industry recognition, the Company was awarded multiple honors, including Outstanding Competitiveness Listed Company in Innovative Drugs, China's Top 100 Pharmaceutical Innovation Enterprises, Top 10 Future Intelligent Biopharmaceutical Manufacturing Enterprises, and Beijing New Technology and New Product Innovation Achievement Awards. These awards reflect the industry's broad acknowledgment of the Company's innovation capabilities, further enhancing its academic influence and brand recognition within the industry. These achievements in R&D of innovative drugs also provide strong support for the Company's future commercialization efforts in the global market.

III. PARTNERING FOR COMMERCIALIZATION AND MARKET EXPANSION

The Company recorded a net loss of RMB131.4 million for the year ended December 31, 2025, representing a decrease of RMB12.4 million or 8.6% as compared to a net loss of RMB143.8 million for the year ended December 31, 2024. This was primarily attributable to sales revenue of RMB33.4 million in 2025; a decrease of RMB7.1 million or 73.2% in operating costs in 2025 as compared to 2024; and a decrease of RMB30.8 million or 49.8% in selling expenses in 2025 as compared to 2024.

During the Reporting Period, we actively forged a commercial strategic partnership with Baheal Medical, a leading domestic commercialization platform, to further bolster our commercial infrastructure. By intensifying academic promotion and physician-patient education, we are collaboratively accelerating the commercialization of our products. Furthermore, we remain agile in optimizing our marketing strategies and expanding market penetration to deliver clinical benefits to a wider patient population.

At the same time, the Company actively advanced its globalization strategy, expanding its overseas clinical footprint and conducting multiple international multi-center studies, thereby accelerating the entry of its products into global markets. The Company also actively sought international strategic partnerships and out-licensing opportunities, to correctly realize value realization capability through international commercialization. Since our listing, we have garnered significant attention and support from numerous partners and investment institutions. Moving forward, we will continue to uphold the principles of openness, collaboration, and mutual benefit, working closely with our partners and investors to drive the sustainable and healthy growth of the Company.

IV. STRENGTHENING INTELLECTUAL PROPERTY PROTECTION TO BUILD COMPETITIVE EDGES

Intellectual property is a critical pillar for fostering innovation and development within enterprises. We place great emphasis on the protection and management of intellectual property rights, achieving notable milestones. In 2025, we secured authorization for four new PCT patents, including the PCT patent grants for Utidelone oral formulation in Canada and South Korea, and for Utidelone liposome in Europe. Notably, the Group was granted a U.S. PCT patent for the genetically engineered strain used in the fermentative production of Utidelone. Furthermore, we have proactively expanded our patent portfolio by filing new applications, covering ADCs of Utidelone or its derivatives, Utidelone cyclodextrin inclusion complexes, and the use of Utidelone for various solid tumor indications. Additionally, the PCT patent application for albumin-bound Utidelone nanoparticles has officially entered its national phase in China.

V. CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

During the Reporting Period, the Company consistently adhered to a people-oriented and patient-centered philosophy, and actively fulfilled its corporate social responsibilities. The Company enhanced the accessibility of innovative drugs, through initiatives such as the implementation of medical insurance programs, public welfare assistance, and academic outreach. The Company remained committed to green R&D and safe production, establishing a compliant, efficient, and sustainable operational system. It also placed strong emphasis on talent development and team building, and cultivated teams across R&D, clinical development, manufacturing, and quality management that combine international vision with local expertise, providing talent guarantee for long-term development.

VI. FUTURE OUTLOOK

In 2026, the Company will continue to focus on the core track of innovative oncology drugs, adhering to the strategy of "Synthetic Biology + Global Innovation + Commercialization", with priority placed on the following initiatives:

1. The Company will continuously expand the sales scale and market share of the core product, further optimizing commercialization efficiency.

2. The Company will focus on major indications with significant unmet clinical needs and advance the R&D progress of more innovative pipelines. At the same time, the Company will strengthen collaboration and exchanges with leading domestic and international research institutions and medical centers, continuously enhancing its R&D capabilities and level of innovation. The Company will accelerate the clinical progress of key pipeline programs and drive important milestone achievements in new formulations and new indications.

3. In terms of our globalization strategy, we will continue to prospectively deepen our global business presence by leveraging business development initiatives to accelerate our expansion into overseas markets in collaboration with our partners. We will further deepen global clinical development and strategic partnerships, while enhancing the Company's international presence and monetization capability.

4. The Company will maintain strict compliance standards, further strengthen corporate governance and investor relations management, and deliver sustainable long-term value to shareholders.

5. Regarding internal management, we will further improve our corporate governance structure and internal control systems, enhance our talent development initiatives, and strengthen our corporate culture to provide robust support for the sustained and healthy growth of the Company.

However, we also clearly recognize that the innovative pharmaceutical industry is highly competitive, with significant R&D risks and a complex and evolving policy environment. Looking ahead to 2026, we will continue to focus on innovation, accelerate our R&D processes, and enhance product quality and competitiveness. We will strengthen deep collaborations with our partners to achieve resource sharing and complementary advantages while proactively adapting to policy changes and optimizing our business layout to ensure the Company's sustainable development.

Finally, I would like to express my heartfelt gratitude to our shareholders and investors for their trust and support. Let us work hand in hand, strive together, and create an even brighter future for Biostar!

Dr. Tang Li
Chairperson, Executive Director, chief scientific officer and chief marketing officer

Management Discussion and Analysis

BUSINESS REVIEW

As of the date of this annual report, the Company continued to make significant progress in various areas, including advancement of R&D pipeline, strategic marketing cooperation, publication of academic results, and intellectual property layout, and reached major milestones and made achievements as follows:

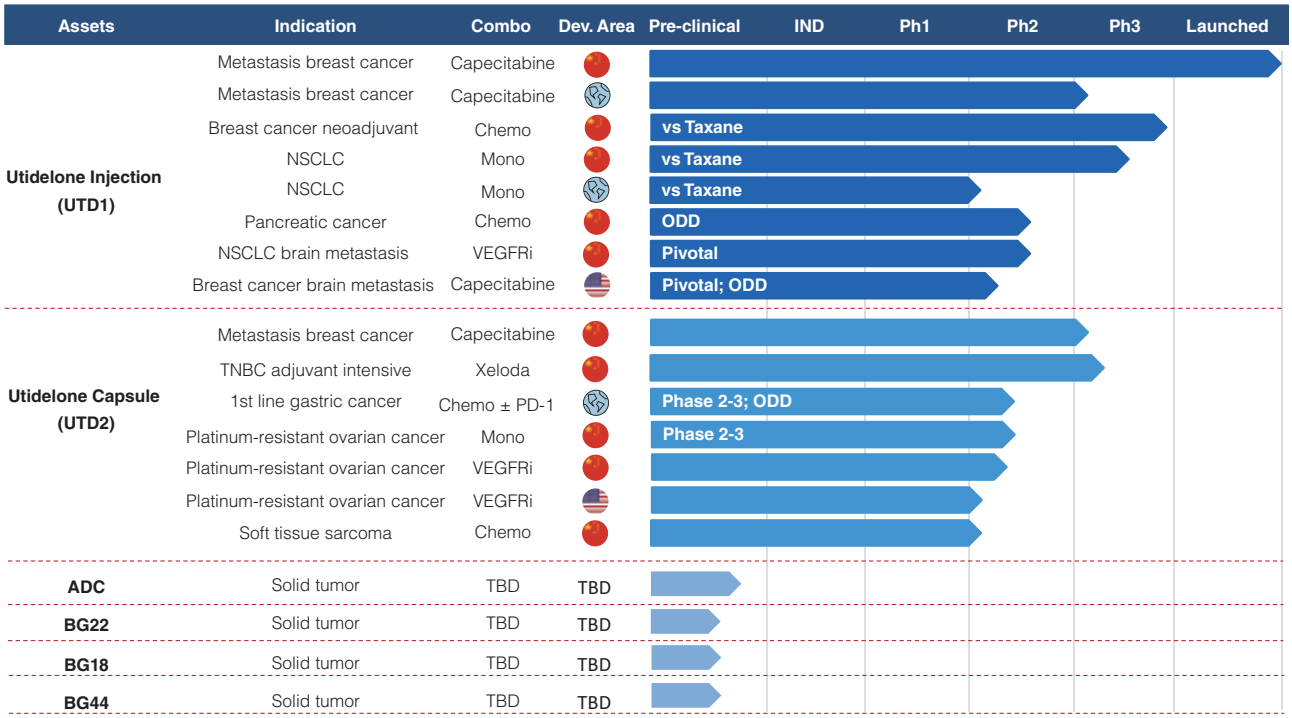
1. Advancement of R&D pipeline

We are a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. We have successfully developed three core technology platforms which focus on the R&D of microbial metabolite new drugs. As of the end of the current Reporting Period, we had one commercialized product and 19 R&D pipeline projects. Our core product, Utidelone Injection, received approval from the National Medical Products Administration (NMPA) in 2021 for its indication, the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. This ended a nearly two-decade absence of independently-developed domestic Class 1 innovative chemotherapy drugs in China. As of the end of the current Reporting Period, Utidelone Injection was the only approved chemotherapy drug developed using synthetic biology technology, and it was also the sole microtubule inhibitor oncology drug with a new molecular structure that has been approved worldwide since 2010.

Given the properties and advantages of Utidelone, such as the ability to cross the blood-brain barrier, broad anti-cancer spectrum, high oral bioavailability, low hematological toxicity and the ability to overcome multidrug resistance mechanisms, during the current Reporting Period, we vigorously made arrangements for the expansion of new indications of Utidelone, the clinical development of its oral formulation and other aspects both domestically and internationally. For Utidelone Injection, two pivotal registrational clinical trials for breast cancer and lung cancer brain metastasis have been commenced in the U.S. and China respectively with positive progress. We have completed the phase II clinical study for solid tumors, and obtained promising clinical data in, among other cancers, gastric and esophageal cancers. Such data will guide our phase III studies at a later stage. Meanwhile, we have deployed new R&D pipelines, including the phase II clinical study for the first-line treatment of advanced pancreatic cancer. Such indication was granted orphan drug designation by U.S. Food and Drug Administration (FDA). For the Utidelone Capsule, we have successfully completed the phase I clinical study in China and the U.S., which has shown good efficacy and safety profile along with high oral bioavailability. The Phase II clinical study of Utidelone Capsule in combination with capecitabine for the treatment of advanced breast cancer in China has been successfully completed. The results demonstrate that, compared with Utidelone Injection, the capsule formulation achieves comparable or even superior efficacy benefits in terms of progression-free survival (PFS), objective response rate (ORR), and other key endpoints. On the safety profile, it significantly reduces the incidence and severity of peripheral neurotoxicity which is a characteristic adverse effect of microtubule inhibitors and certain other chemotherapeutic agents, lowering the rate of Grade 3 peripheral neuropathy from 25.1% to 2%, with no cases of Grade 4 peripheral neuropathy observed. Meanwhile, it fully preserves Utidelone's well-established advantage of low hematological toxicity. Utidelone Capsule represents an innovative, domestically developed modified new drug in China and marks the world's first solid oral formulation of a microtubule-stabilizing agent. We are of the view that Utidelone Capsule represents an enhancement in cancer treatments, as it provides more convenience and better compliance from patients, eases the financial burden on patients, and could facilitate combination with other anti-cancer drugs to open up possibilities for exploring new therapies. Therefore, the Company has exerted much effort in the subsequent phase II/III clinical pipeline of Utidelone Capsule, including the phase III clinical study for strengthened triple-negative breast cancer (TNBC) adjuvant treatment, the phase II/III international multi-center clinical study for advanced gastric cancer, the phase II/III international multi-center clinical study for advanced ovarian cancer and other large studies with enrollment underway.

Meanwhile, the Company is actively building a next-generation antibody-drug conjugate (ADC) technology platform with fully independent intellectual property rights. This platform focuses on systematic innovation around two core elements: a differentiated payload system and linkers. Unlike prevailing ADC products that widely adopted payloads such as monomethyl auristatin E (MMAE) or topoisomerase I (Topo I) inhibitors, this platform innovatively employs the Company's proprietary synthetic biology-derived product Utidelone and other epothilone derivatives as the core toxin molecules, which can be selectively combined with Topo I inhibitors to develop dual-payload or multi-payload ADC drugs. Utidelone and other epothilone derivative payloads belong to the class of epothilone-based microtubule-stabilizing agents. They exhibit potent antitumor activity, excellent cell membrane permeability, potential to overcome multidrug resistance in tumor cells by circumventing P-gp mediated efflux, a well-defined mechanism of action, and a favorable safety profile, conferring significant differentiated competitive advantages in the ADC field. Preclinical studies are currently advancing vigorously, with the goal of reaching the investigational new drug (IND) enabling stage in 2026.

As of the end of the Reporting Period, the latest R&D pipeline chart of the Company is as follows (note: the pipeline chart excludes certain completed studies or investigator-initiated trials (IITs)):



Utidelone Injection

- ***Phase III clinical trial of Utidelone Injection for HER2-breast cancer neoadjuvant therapy***

  This study is a superiority design with head-to-head comparison against docetaxel. Anthracycline (AC) in combination with taxanes is currently a standard neoadjuvant treatment for patients with HER2-breast cancers, nevertheless its efficacy and safety profile are limited. Based on the background that Utidelone Injection was approved for the treatment of advanced breast cancer, we believe that it can be applied to early breast cancer treatment and can benefit more cancer patients, meanwhile expanding our market share. As of the end of the Reporting Period, we have enrolled nearly 90% of the target number of patients, and the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating good safety profile of Utidelone Injection in combination with AC. Efficacy data will be obtained after reaching a sufficient number of evaluable cases and completing statistical analysis. All patients are expected to be enrolled by the second half of 2026. We believe that our product has the potential to become a preferred neoadjuvant chemotherapy option for HER2-breast cancer (particularly the TNBC).

- ***Phase II clinical trial of Utidelone Injection for solid tumors (in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers) in China (completed)***

  According to the data of the first stage of the phase II clinical trial, the CBR of Utidelone monotherapy for advanced gastric cancers (GC) and esophageal cancers (ESCC) reached 53% and 70%, with ORR of 20% and 40%, respectively. Hence, we conducted the second-stage study of Utidelone in combination with PD-1 for the first-line treatment of GC and ESCC, and completed this study during the Reporting Period. Utidelone plus PD-1 inhibitor and chemotherapy demonstrated promising efficacy and acceptable safety as first-line treatment for GC and ESCC. There were 27 eligible patients enrolled in the GC cohort and 23 patients were evaluable for efficacy. 5 patients were still receiving treatment (up to 23 cycles). The ORR was 65.2% and CBR was 100%. The mPFS was >6.1 months. There were 20 eligible patients enrolled in the ESCC cohort and 18 patients were evaluable for efficacy. 6 patients were still receiving treatments (up to 12 cycles). The ORR was 33.3% and CBR was 100%. The safety profiles were good for both cohorts, with no treatment-related deaths. Latest study findings have been presented as a poster at the 2025 American Society of Clinical Oncology (ASCO) annual meeting.

- ***Phase II clinical trial of Utidelone Injection in combination with bevacizumab for HER2 negative breast cancer with brain metastasis (investigator-initiated trial)***

  The results of this clinical trial were published in the 2025 JAMA Oncology during the Reporting Period. Utidelone can cross blood-brain barrier, enabling it to reach a high drug concentration in brain tissues, thereby playing a role in preventing and treating brain metastases. The primary objective of this study was to investigate the efficacy and safety of Utidelone combined with bevacizumab in the treatment of advanced breast cancer brain metastases. From May 5, 2022 to October 25, 2023, a total of 47 patients were recruited. Among them, 35 patients had untreated CNS lesions, while 12 had progressive brain metastases after local radiotherapy. In terms of safety profile, the most common grade 1-2 adverse events (AEs) were peripheral neuropathy, decreased neutrophil count, etc. No grade 3 or higher treatment-related AEs occurred. Regarding efficacy, the CNS-ORR was 42.6%. As of May 20, 2024, the median progression-free survival (PFS) was 7.7 months, and the median overall survival (OS) was 15.1 months.

- ***Phase II clinical trial of Utidelone Injection in combination with bevacizumab and etoposide for the treatment of HER2-negative breast cancer with brain metastases (investigator-initiated trial)***
  The results of this clinical trial were presented orally at the 2025 ASCO annual meeting. The study was designed to investigate the efficacy and safety of Utidelone in combination with bevacizumab and chemotherapy in the treatment of breast cancer brain metastases with a view to finding new treatments that can control intracranial tumors and prolong survival for this group of patients. A total of 34 patients were enrolled in the study, with a median age of 51. Among them, the median number of prior lines of chemotherapy was 3, 10 patients were treated with bevacizumab, and 9 patients were treated with local treatment targeting brain metastases. As of December 2, 2024 (10.4 months median follow-up), 64.7% of patients received more than six cycles of treatment. In terms of efficacy, CNS-ORR was 67.6%, and CNS-CBR was 88.2%. The median CNS-PFS was 15 months, while the median overall PFS was six months. In terms of safety, the overall tolerability of this combination treatment regimen was good, with most treatment-emergent adverse events (TEAEs) being grade 1-2, manageable and reversible. Nearly two-thirds of the patients completed more than 6 cycles of treatment. The grade 3-4 TEAEs occurred in the study were limited to peripheral neuropathy and bone marrow suppression, with an incidence rate of less than 10%.

- ***Phase II clinical trial of Utidelone Injection in combination with bevacizumab for the treatment of HER2-positive breast cancer with brain metastases (investigator-initiated trial)***
  The results of this clinical trial were presented as a poster at the 2025 San Antonio Breast Cancer Symposium. The primary objective of the study was to evaluate the efficacy and safety of Utidelone in combination with bevacizumab in the treatment of HER2-positive advanced breast cancer with brain metastases. Between May 2022 and April 2025, 50 evaluable patients were enrolled. In patients who had progressed on prior trastuzumab and TKI (pyrotinib) therapy, with more than half having received previous ADC treatment, the combination of Utidelone plus bevacizumab demonstrated substantial intracranial antitumor activity: the central nervous system objective response rate (CNS-ORR) reached 54.0%, and the intracranial disease control rate (CNS-DCR) was as high as 92.0%. The median overall progression-free survival (PFS) was 8.6 months (95% CI: 7.0-10.2), and the median CNS progression-free survival (CNS-PFS) was 15.1 months (95% CI: 8.2-22.0). The regimen exhibited a favorable safety profile, with most adverse events being mild to moderate (grade 1-2) and overall manageable, and no treatment-related deaths were observed. Notably, this regimen did not incorporate any novel anti-HER2 targeted agents yet still achieved such pronounced efficacy, suggesting that Utidelone possesses excellent blood-brain barrier penetration and exerts synergistic effects in combination with bevacizumab.

- ***Pivotal phase II clinical trial of Utidelone Injection in combination with bevacizumab for the treatment of lung cancer brain metastasis***
  Given Utidelone's performance in aforementioned clinical trials, we have initiated this pivotal Phase II registration clinical trial of Utidelone Injection in combination with bevacizumab for the treatment of lung cancer brain metastases. The study has successfully completed the safety lead-in phase and has now progressed to the expansion phase. Patient enrollment is proceeding smoothly, with encouraging early efficacy signals and a manageable safety profile already observed. Specific data will be available following accrual of a sufficient number of evaluable patients and completion of the planned statistical analysis.

- ***Pivotal phase II clinical trial of Utidelone Injection in combination with capecitabine for the treatment of breast cancer brain metastasis in the United States***

  This study adopts a two-stage design and plans to enroll approximately 120 subjects in total, with the primary endpoint being the central nervous system objective response rate (CNS-ORR). The trial is being conducted collaboratively by nearly 20 leading U.S. cancer centers, including the MD Anderson Cancer Center, the Johns Hopkins Sidney Kimmel Comprehensive Cancer Center, City of Hope-Duarte, the Robert H. Lurie Comprehensive Cancer Center of Northwestern University, the University of Colorado Hospital, Augusta University, and the University of California, Los Angeles. During the Reporting Period, we have successfully completed the informed consent and dosing procedures for several patients. This marks the first use of Utidelone Injection in a U.S. patient population, representing an important step in the Company's internationalization strategy.

- ***Phase II clinical study of Utidelone Injection as first-line treatment for unresectable advanced pancreatic cancer***

  Pancreatic cancer is a highly malignant tumor, and the combination regimen with gemcitabine remains its primary clinical treatment approach. However, pancreatic cancer cells are prone to developing resistance to gemcitabine, resulting in suboptimal treatment outcomes. Utidelone has shown significant inhibition of pancreatic cancer cell proliferation and colony formation ability, demonstrating strong antitumor activity in pancreatic cancer models. When used in combination with gemcitabine, Utidelone significantly reduces the IC50 value of gemcitabine, and the combined antitumor activity is superior to the traditional combination of paclitaxel and gemcitabine. As of the date of this announcement, 20 patients with unresectable and locally unfit advanced pancreatic cancer were enrolled in the study, with 11 having completed the first efficacy assessment. Among these, 3 patients achieved partial remission (PR), and 5 patients had stable disease (SD). The objective remission rate (ORR) was 27.27%, and the disease control rate (DCR) was 72.72%. The median overall survival (mOS) was 9.57 months. In terms of safety, most adverse events were grade 1-2. The data demonstrates that Utidelone in combination with gemcitabine offers favorable survival benefits and disease control rates for the first-line treatment of advanced pancreatic cancer patients, and has the potential to address the treatment gap in pancreatic cancer, emerging as a new treatment option. During the Reporting Period, we were also granted an orphan drug designation by the FDA for the treatment of pancreatic cancer with Utidelone.

- ***Phase II clinical study of Utidelone Injection monotherapy in soft tissue sarcoma***

  At the 2025 European Society for Medical Oncology Congress (ESMO 2025), we presented data from a phase II clinical study of Utidelone monotherapy in patients with advanced or metastatic soft tissue sarcoma (STS). From August 19, 2022, to March 3, 2025, a total of 27 patients were enrolled, including 15 with leiomyosarcoma, 3 with dedifferentiated liposarcoma (DDLPS), 3 with epithelioid sarcoma, 2 with angiosarcoma, and 4 with other sarcoma subtypes. Among evaluable patients, 2 (7.4%) achieved partial response (PR), and 19 (70.4%) achieved stable disease (SD), resulting in an ORR of 7.4% and a DCR of 77.8%. The median PFS was 4.6 months (95% CI: 3.6-5.6), with a 12-month OS rate of 80%. In terms of safety, most of treatment-related adverse events (TRAEs) were grade 1-2 and manageable/reversible, with no treatment-related deaths reported. These results indicate that Utidelone exhibits promising clinical efficacy and a favorable safety profile in patients with advanced or metastatic STS previously treated with anthracyclines and TKIs, positioning it as a potential new treatment option for advanced STS.

- ***Phase III clinical trial of Utidelone Injection for the treatment of advanced NSCLC in China***

  Enrollment in this study has reached nearly half of the planned target. However, in light of evolving competitive dynamics in this indication and slower-than-anticipated patient enrollment, the Company has strategically reprioritized its pipeline. Consequently, enrollment in this study has been temporarily suspended. The decision to restart or terminate the study will be made based on future circumstances.

Utidelone Capsule

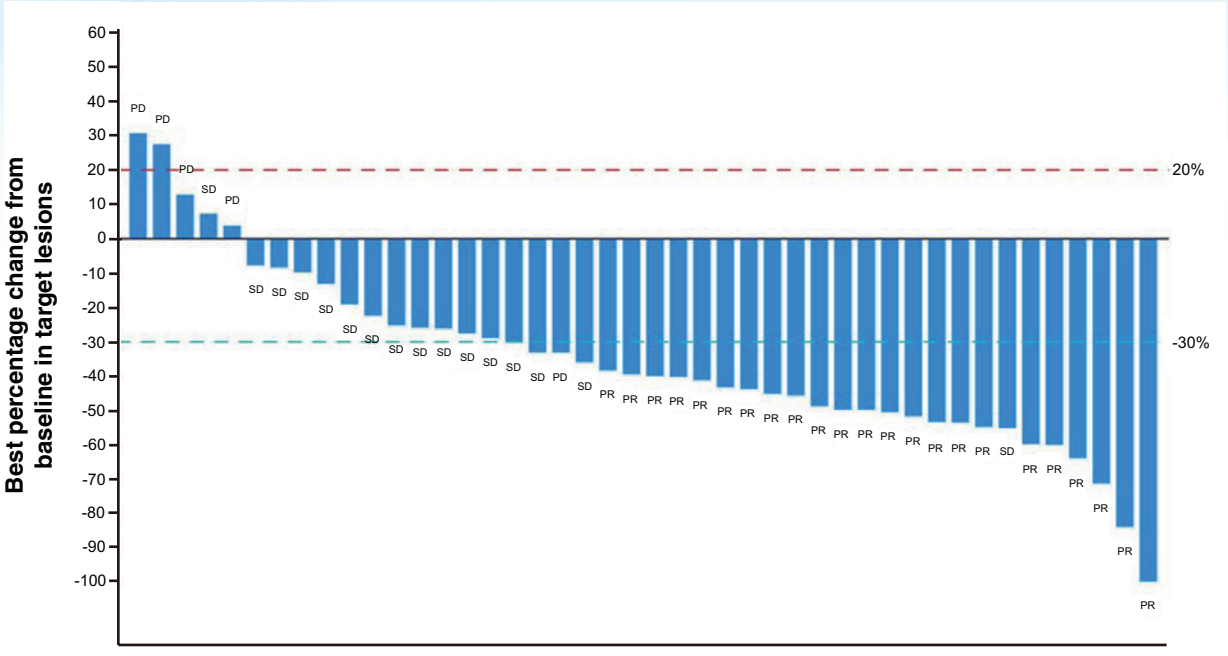
During the Reporting Period, the pipeline related to Utidelone Capsule progressed rapidly, as we successfully completed its phase I clinical study in the United States and the phase II clinical study in China, and carried out a number of phase II/III large clinical studies globally.

- ***Utidelone Capsule phase I clinical trial in China (completed)***

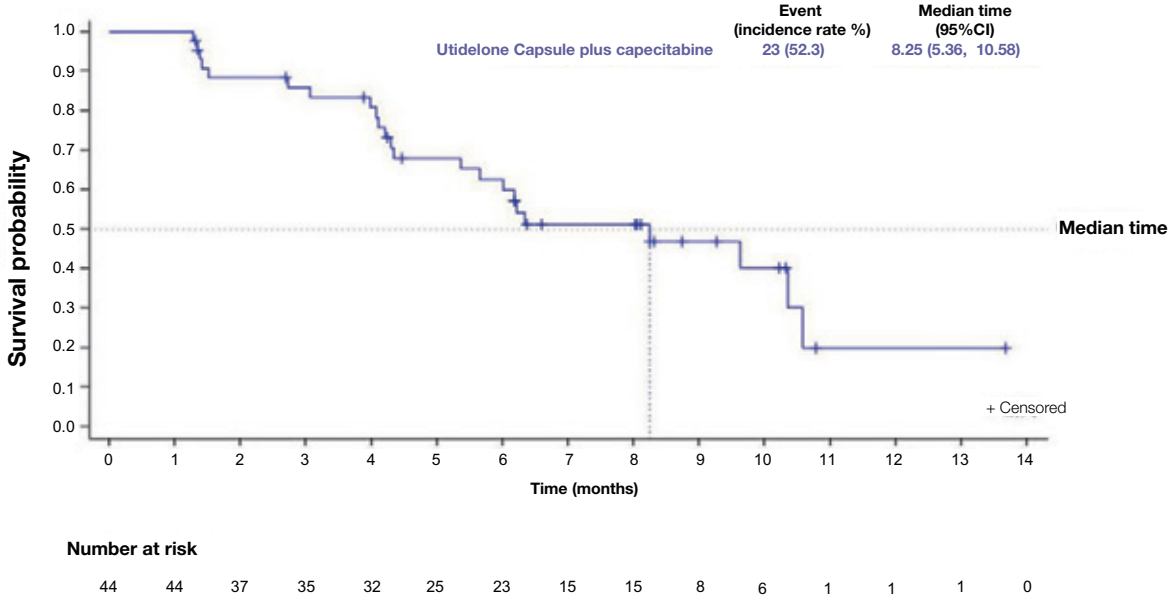
  The primary objective of this study, the first clinical study of Utidelone Capsule in China, is to examine the safety profile and tolerability of Utidelone Capsule for Chinese patients with advanced solid tumors, and the secondary objectives include evaluating the efficacy of Utidelone Capsule and its absolute bioavailability compared to Utidelone Injection. During the Reporting Period, the study has been completed, in which patients were treated with Utidelone Capsule monotherapy at starting dose of 50 mg/m^2/d-5day (2 patients), with escalation to 75 mg/m^2/d-5 day and 75 mg/m^2/d-7day (3 patients for each) in a 21-day cycle. No patient experienced dose-limiting toxicity (DLT) and the most common ≥ Grade 3 AE was diarrhea appeared at 75 mg/m^2/d-7day, but recovered within 24 hours after supportive treatment. 75 mg/m^2/d-5day was recommended as monotherapy dose. Population pharmacokinetic (PopPK) modeling analysis further confirmed that the median AUC achieved with Utidelone Capsules at 75 mg/m²/d reaches 80% of the mean/median AUC observed with the approved dose of the Utidelone Injection as specified in the prescribing information. 6 patients were evaluable for efficacy with 3 PR (1 for each for cohort) and 3 SD, with DoT of 2-13 cycles. Most TEAEs were Grade 1/2, no AEs led to death or patient withdrawal. The AUCinf geometric mean of 30 mg/m^2 Utidelone Injection and 60 mg/m^2 Utidelone Capsule was 2974.82 h*ng/mL and 1870.48 h*ng/mL, respectively, demonstrating a bioavailability F% of 31.8%.

- ***Phase II clinical trial of Utidelone Capsule in combination with capecitabine for the treatment of advanced breast cancer in China (completed)***

  The study is a continuation of the phase I clinical study of Utidelone Capsule in China, evaluating the efficacy, safety and pharmacokinetic profile of Utidelone Capsule combined with capecitabine for patients with advanced metastatic breast cancer. This study enrolled a total of 50 patients, all of whom (100%) had received prior taxane or anthracycline therapy; 86% had visceral metastases, 84% had ≥2 metastatic sites, and 42% had received ≥3 prior lines of antitumor therapy. 96% were HER2-negative breast cancer, with 72% HR-positive/HER2-negative subtype and 24% triple-negative breast cancer. 42 patients (84%) had received prior endocrine therapy, and 35 (70%) had received prior CDK4/6 inhibitor therapy. Among the 44 evaluable patients, 27 achieved PR, of whom 23 had confirmed PR, yielding a confirmed ORR of 52.3% and a DCR of 88.6%. The confirmed ORR in the HER2-negative population was 53.5%. In the 44 patients, the median PFS was 8.25 months, the median duration of response (DoR) was 7.62 months, and the median treatment cycles were 9 (range: 1-21). As of October 8, 2025, 16 patients remained on treatment. These results indicate that Utidelone Capsule plus capecitabine demonstrates efficacy comparable to or better than Utidelone Injection plus capecitabine (as reported in the 2018 ASCO oral presentation: ORR of 49.8%, DCR of 65.8%, median treatment cycles of 6) for the treatment of advanced breast cancer. In terms of safety, compared with Utidelone Injection plus capecitabine, the Utidelone Capsule plus capecitabine regimen substantially reduced the incidence and severity of peripheral neuropathy, with grade 3 events decreasing from 25.1% to 2%, while grade 3 hematologic toxicity remained low at 12%. The incidence of adverse events leading to treatment discontinuation was also markedly lower, decreasing from 29.6% to 4%. In summary, the fully oral dual chemotherapy regimen of Utidelone Capsule plus capecitabine tablets provides comparable or superior therapeutic benefit while improving safety and patient compliance. It eliminates the burden of 5 consecutive days of intravenous infusion, premedication for hypersensitivity prevention, and injection-related adverse reactions associated with intravenous formulations, offering patients a more convenient administration method, enhanced safety profile, and substantial clinical value.



PPS population waterfall plot



PFS Kaplan-Meier curve (PPS population)

- ***Phase II clinical trial of Utidelone Capsule in combination with capecitabine for the treatment of advanced breast cancer in China (investigator-initiated trial)***

  This study is a single-arm, phase II investigator-initiated clinical study designed to enroll patients with recurrent or metastatic HER2-negative breast cancer who had previously received taxane- and/or anthracycline-containing chemotherapy regimens. Participants received combination therapy with Utidelone Capsules plus capecitabine to evaluate efficacy and safety. A total of 39 patients were enrolled. The median age was 56 years; 75.8% of patients had ≥2 metastatic sites, the median number of prior treatment lines was 2, 87.9% had received prior taxane therapy, and 75.8% had received prior anthracycline therapy. Among the 37 evaluable patients, 18 achieved PR, of whom 15 had confirmed PR. The unconfirmed ORR was 48.6%. As of the latest follow-up, 6 patients remained on treatment, including 4 patients who had been on therapy for more than 1 year. The incidence of any ≥grade 3 Utidelone Capsule-related treatment- TRAEs was below 10%. No grade 3 or higher peripheral neuropathy was observed, and no treatment-related deaths occurred.

- ***Utidelone Capsule phase I clinical trial in the United States (completed)***

  The primary objective of this study, the first to enter human clinical studies of Utidelone Capsule worldwide, is to examine the safety profile and tolerability of Utidelone Capsule for patients with advanced solid tumors in the United States, and secondary objectives include evaluating the efficacy and PK characteristics of Utidelone Capsule. The study has been completed. Patients were treated with Utidelone Capsule monotherapy. The starting dose was 5-day 25 mg/m^2/d for 2 patients, with planned escalation to 5-day 50, 75, 100 mg/m^2/d and 7-day 70 mg/m^2/d for 2, 6, 3 and 2 patients, respectively in a 21-day cycle. All patients had received prior treatment in advanced settings with maximal 9 lines. Two DLTs of Grade 3 and Grade 4 diarrhea occurred, one at 5-day 100 mg/m^2/d and one at 7-day 70 mg/m^2/d. MTD was determined to be 5-day 75 mg/m^2/d. 11 patients were evaluated for efficacy with an outcome of 1 CR (ovarian cancer), 1 PR (ovarian cancer), 7 SD (testicular Sertoli cell tumor, NSCLC×2, pancreatic adenocarcinoma×2, appendiceal adenocarcinoma and soft tissue sarcoma), with the longest DoT of 12 cycles. The ORR was 18.2% and the CBR was 81.8%. The most frequent TEAEs were Grade 1/2, including diarrhea, fatigue, nausea, peripheral sensory neuropathy, vomiting, and decreased appetite (≥20% incidence rate), which recovered with supportive treatments. This study demonstrates encouraging anti-tumor activity with manageable safety of Utidelone Capsule in patients with heavily pre-treated advanced solid tumors. The latest research findings have been presented as a poster at the 2025 ASCO annual meeting.

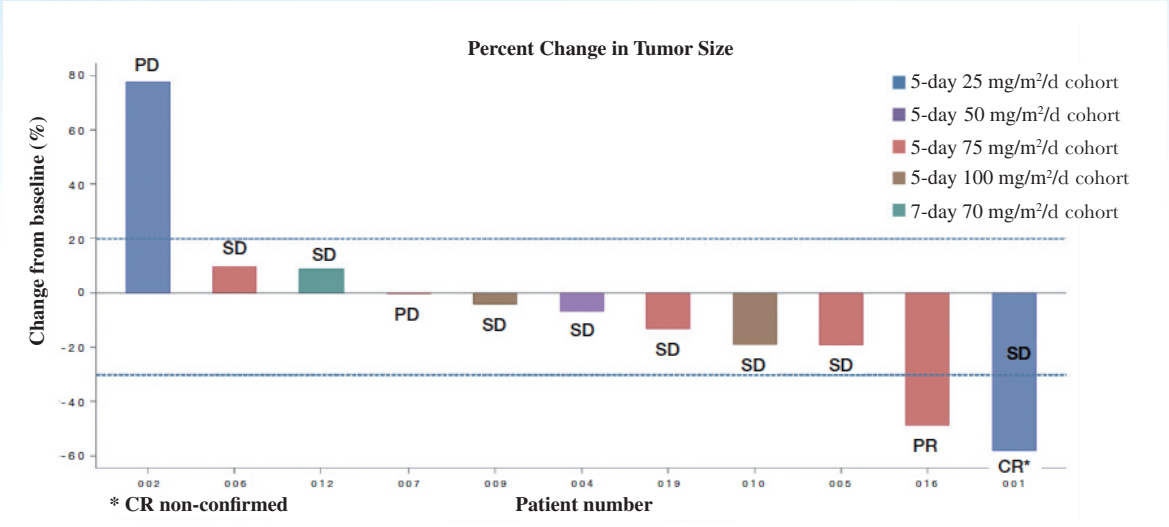


Figure: Waterfall plot of maximum percentage of tumor reduction

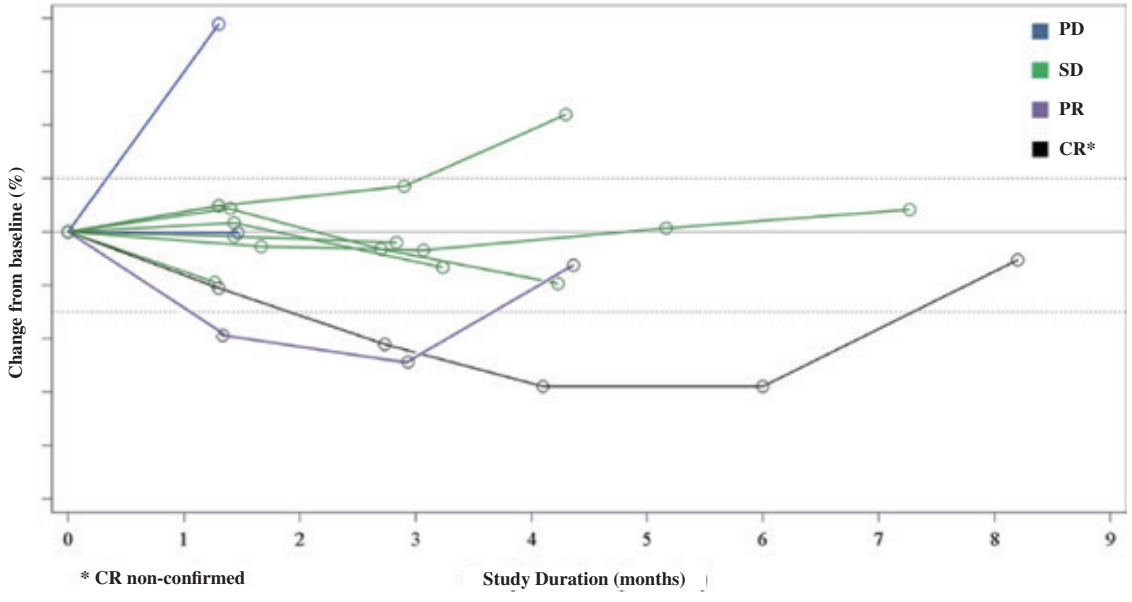


Figure: Spider plot of maximum percentage of tumor reduction

- ***International multi-center phase II/III clinical study of Utidelone Capsule in combination with fluoropyrimidine and platinum for the first-line treatment of locally advanced or metastatic gastric or gastroesophageal junction adenocarcinoma***

  The phase II study, which is proposed to enroll 78 subjects, is planned to be conducted in China and the United States, with the primary objective of evaluating the safety, efficacy and pharmacokinetic profile of Utidelone Capsule combined with other drugs. The phase III study, which is proposed to enroll 700 subjects, is planned to be conducted in China, the United States, Asia, Europe, and other countries and regions, with the primary endpoint being the overall survival (OS), and the secondary endpoints including progression-free survival (PFS), ORR and safety. The phase II/III clinical IND has been approved by the FDA and CDE, and the patient enrollment is progressing vigorously.

- ***Phase II/III clinical study of Utidelone Capsule monotherapy for patients with platinum-resistant advanced epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer***

  The phase II study is proposed to enroll 72 subjects, with the primary objective of evaluating the safety profile, efficacy, and pharmacokinetic profile of different dosing regimens of Utidelone Capsule monotherapy in the target patients. The phase III study is proposed to enroll 480 subjects to evaluate the efficacy and safety of Utidelone Capsule compared to the chemotherapy selected by researchers for patients with platinum-resistant advanced epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer. The phase II/III clinical IND has been approved by the CDE, and the patient enrollment is progressing vigorously.

- ***Phase II clinical study of Utidelone Capsule in combination with bevacizumab for patients with platinum-resistant advanced epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer in the United States***

  This phase II study consists of a safety lead-in phase and an expansion phase, with a planned enrollment of approximately 70 subjects. The primary objective is to evaluate the safety, efficacy, and pharmacokinetic profile of Utidelone Capsules in combination with bevacizumab in the target patient population. The clinical IND application received FDA approval in November 2025 and is currently in the study initiation and startup phase.

- ***Phase II clinical study of Utidelone Capsule in combination with fruquintinib capsules for the treatment of platinum-resistant recurrent ovarian cancer***

  This study is being conducted at Fudan University Shanghai Cancer Center. It plans to enroll approximately 35 patients, with the primary objectives to evaluate the ORR of Utidelone Capsules in combination with fruquintinib capsules in patients with platinum-resistant recurrent ovarian cancer, fallopian tube cancer, or primary peritoneal cancer. To date, more than half of the planned patients have been enrolled. Efficacy evaluation has been completed in 14 patients, with the following results: 1 CR, 8 PR, and 5 cases of SD. This yields an ORR of 64.3% and a DCR of 100%, with a median PFS of 7 months, which indicate favorable overall safety profile. Final data will be available following accrual of a sufficient number of evaluable patients and completion of the planned statistical analysis.

- ***Phase III clinical study of Utidelone Capsule combined with capecitabine in adjuvant intensive treatment for early TNBC that did not achieve complete pathological remission after neoadjuvant treatment***

  Adjuvant chemotherapy options for TNBC patients are very limited. Utidelone Capsule can improve medication compliance and reduce patient's hospital stay, enhance convenience, support long-term treatment, and substantially lower clinical treatment costs for patients. Meanwhile, Utidelone's previous safety data supports its long-term administration, which is beneficial for long-term adjuvant intensive treatment. The study is planned to enroll 440 patients with early TNBC who had previously received neoadjuvant chemotherapy and had not achieved complete pathological remission after surgery, in order to evaluate the 3-year invasive disease free survival (IDFS) rate, overall survival (OS) rate and safety profile of Utidelone Capsule in combination with capecitabine compared to the capecitabine monotherapy for adjuvant treatment of early TNBC patients that had not achieved complete pathological remission after neoadjuvant treatment. Currently, the enrollment of the study is progressing vigorously.

- ***Utidelone antibody drug conjugate***

  The Company is building a next-generation antibody-drug conjugate (ADC) technology platform with fully independent intellectual property rights. This platform focuses on systematic innovation around two core elements: a differentiated payload system and linkers. Unlike prevailing ADC products that commonly use widely adopted payloads such as MMAE or Topo I inhibitors, this platform innovatively employs the Company's proprietary Utidelone and other epothilone derivatives as the core toxin molecules, which can be selectively combined with Topo I inhibitors to develop dual-payload or multi-payload ADC drugs. Utidelone and other epothilone derivative payloads belong to the class of epothilone-based microtubule-stabilizing agents. They exhibit potent antitumor activity, excellent cell membrane permeability, potential to overcome P-glycoprotein (P-gp)-mediated multidrug resistance in tumor cells, a well-defined mechanism of action, and a favorable safety profile, conferring significant differentiated competitive advantages in the ADC field.

  Regarding linker selection, the Company has conducted systematic optimization and structural design of the linker moiety. Through site-specific conjugation and structure-based engineering, a higher and more controlled drug-to-antibody ratio (DAR) has been achieved while maintaining excellent in vivo stability. It also enables targeted modulation of the release kinetics of different payloads. A higher DAR is expected to significantly improve the payload delivery efficiency per antibody molecule, thereby enhancing cytotoxic potency against tumor cells while expanding the therapeutic window through optimized pharmacokinetic profiles. This platform is designed to address key clinical challenges associated with traditional ADCs including insufficient efficacy, the emergence of resistance, and safety constraints, providing a more promising therapeutic alternative for patients with solid tumors and refractory malignancies.

  Preclinical studies are currently advancing vigorously, with the goal of reaching the IND-enabling stage in 2026.

2. Strategic marketing cooperation

During the Reporting Period, the cooperation with Qingdao Baheal Medical INC.* (青島百洋醫藥股份有限公司) in terms of marketing service for Utidelone Injection was further strengthened. We are of the opinion that the Group will take this opportunity to integrate resources more efficiently, further expand the market space of its core products, maximize the scientific and commercial value of the Group's technology platform, accelerate the research and development and implementation of more pipeline projects, and lay a solid foundation for the sustainable development and value creation of the enterprise through cooperation with companies with excellent commercialization capabilities.

3. Intellectual property

During the Reporting Period, we successively secured PCT patent grants for oral formulations of Utidelone in Canada and South Korea, and for Utidelone liposomes in Europe. Notably, we obtained a U.S. PCT grant for the genetically engineered microbial strains used in the fermentative production of Utidelone. The molecular structure of Utidelone is highly complex, making efficient large-scale production and industrialization via total chemical synthesis or semi-synthesis exceedingly difficult. Furthermore, chemically synthesized products exhibit significant disparities compared to those produced through microbial fermentation of genetically engineered strains in terms of quality standards, pharmacological properties, production costs, and clinical safety. The patented genetically engineered strain was developed using the Company's proprietary synthetic biology platform, enabling the industrialized production of Utidelone through fermentation processes. As this genetically engineered strain is both the prerequisite and the core starting material for Utidelone production, this patent grant creates a formidable global barrier to entry for generics. Consequently, the entry of generic Utidelone into the market is rendered virtually impossible until the patent expires in 2041.

We have also aggressively expanded our patent strategy through new applications and entries into the national phase, including patents relating to antibody-drug conjugates of Utidelone or its derivatives, PCT patents related to Utidelone cyclodextrin inclusion complex, PCT patents related to Utidelone for the treatment of various solid tumor indications, and albumin-bound Utidelone nanoparticles related PCT patents.

4. Development Strategies and Business Prospects

Launching our products worldwide by continuously enhancing our R&D activities

We will further strengthen R&D efforts surrounding our product pipeline, and enhance the commercial value of products through in-house R&D as well as external collaboration:

— *Clinical trial of Utidelone Injection:*
In addition to advanced breast cancer, we will also actively advance the clinical progress in respect of other indications, such as breast cancer neoadjuvant, breast cancer and lung cancer brain metastases, and pancreatic cancer. We will continue to boost more indications of Core Product so as to extend our future market prospect.

— *Clinical trials of Utidelone Capsule:*
As the oral formulation of Utidelone, Utidelone Capsule provides patients with better convenience and adherence, and alleviates patients' economic burden. Based on the excellent data from the completed clinical studies of Utidelone Capsule in China and the U.S., we have exerted much effort in the subsequent phase II/III clinical pipeline of Utidelone Capsule, for which three large-scale studies including the phase III clinical study for strengthened TNBC adjuvant treatment, the phase II/III international multi-center clinical study for advanced gastric cancer, and the phase II/III international multi-center clinical study for advanced ovarian cancer, are vigorously undergoing the enrollment.

— *R&D of ADC products:*
Given the potential of Utidelone and its derivatives to become a good payload for ADC drugs and our progress in the preliminary explorations of ADC programs, we will use our best efforts to develop the ADC programs with Utidelone and its derivatives as payload drug program and advance it to the clinical stage as soon as possible, so as to further enrich our product portfolio and continuously increase the diversification and competitiveness of the Company's product pipeline.

— *Global activities:*
Putting great emphasis on accelerating the application and clinical progress of our pipeline in overseas markets, we will consistently push forward programs that have been approved for clinical trials, as well as introduce more clinical programs globally. In addition, we are actively selecting reliable global partners through out-licensing out of China rights or co-development of Utidelone Injection, Capsule and ADC projects. We believe that our strong capabilities of R&D and manufacturing, coupled with our enriched commercial expertise, make us the preferred partner for global biopharmaceutical companies who share our goal of bringing innovative anti-cancer products to patients around the world.

— *Satisfying global needs by optimizing our production quality and capacity:*
We are committed to consolidating our strengths in terms of production and will continue to invest in high-caliber manufacturing equipment and optimal manufacturing environment so as to better satisfy our R&D and production needs while also achieving economies of scale and cost reduction during production. In anticipation of the rapid progress of our overseas clinical trials and commercialization, we will upgrade our production facilities in accordance with cGMP standard to serve as groundwork for the future delivery of our products on a global scale.

— *Extending brand recognition and market reach:*
We will further strengthen the in-depth cooperation with our partner Baheal Medical, consolidate both parties' resources in a more efficient way, and formulate a comprehensive, professional and differentiated academic promotion plan and commercialization development strategy to cover medical institutions in key provinces and cities nationwide, with a view to rapidly enhancing the market recognition and penetration of Utidelone Injection.

— *Speeding up technological innovation and commercialization by attracting, cultivating, and retaining top-tier talents:*
We place a high priority on selecting and retaining talents. To sustain our growth, we will continue to recruit top professionals in R&D, clinical development, and commercialization. We are committed to providing our employees with comprehensive career development and learning opportunities, guidance from veterans, clear career development paths, competitive remuneration, and a collaborative and supportive working environment to achieve a corporate culture that attracts and retains like-minded, top-tier talents.

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the Reporting Period was RMB33.4 million, representing a decrease of 53.6% from that of RMB71.9 million for the year ended December 31, 2024. Such change was mainly due to sales fluctuations caused by the adjustment of the marketing strategy of our product **Utidelone Injection**.

Operating Costs

During the Reporting Period, the cost of sales of the Group was RMB2.6 million, representing a decrease of 73.2% from RMB9.7 million for the year ended December 31, 2024. Such change was mainly due to the decrease in cost of sales resulting from the optimization of the production process of our product **Utidelone Injection** and the sales fluctuations caused by the adjustment of the marketing strategy.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the gross profit of the Group decreased by 50.5% from RMB62.1 million for the year ended December 31, 2024 to RMB30.8 million for the year ended December 31, 2025, mainly due to the decrease in operating income and operating costs. The gross profit margin of the Group was 92.2% for the year ended December 31, 2025 as compared to 86.4% for the year ended December 31, 2024. The increase in gross profit margin is attributable to the decrease in cost of sales as a result of the optimization of the production process of the products.

Taxes and Surcharges

During the Reporting Period, our taxes and surcharges remained relatively stable, totaling RMB1.1 million for the year ended December 31, 2025, compared to RMB1.0 million for the year ended December 31, 2024.

Selling Expenses

Our selling expenses decreased by 49.8% from RMB61.9 million for the year ended December 31, 2024 to RMB31.1 million for the year ended December 31, 2025, mainly due to the decrease in selling expenses as the results of our strict control of selling expenses.

Administrative Expenses

Our administrative expenses decreased by 34% from RMB52.3 million for the year ended December 31, 2024 to RMB34.5 million for the year ended December 31, 2025, mainly due to the decrease in our professional services fees.

R&D Expenses

Our R&D expenses decreased by 28.6% from RMB116.3 million for the year ended December 31, 2024 to RMB83 million for the year ended December 31, 2025, mainly due to the decrease in clinical expenditure and technical services expenditure as major clinical programs entered the end stage of enrolment.

Finance Costs

Our finance costs increased by 177.7% from RMB–7.5 million for the year ended December 31, 2024 to RMB5.8 million for the year ended December 31, 2025, primarily due to foreign exchange losses arising from fluctuations in foreign exchange rates.

Non-operating Income

Our non-operating income increased by 1,990.0% from RMB0.1 million for the year ended December 31, 2024 to RMB2.9 million for the year ended December 31, 2025, mainly due to an increase in margin income from the marketing service provider business.

Income Tax Expenses

For the year ended December 31, 2024 and December 31, 2025, we recognized that no income tax expense was incurred.

Net Loss

Due to the above reasons, our loss decreased by RMB12.3 million from RMB143.8 million for the year ended December 31, 2024 to RMB131.4 million for the year ended December 31, 2025.

Key Financial Ratios

The table below sets forth our key financial ratios as of the dates indicated:

	As at December 31, 2025	As at December 31, 2024
Current ratio (times)	**8.3**	8.8
Quick ratio (times)	**7.7**	8.4
Gearing ratio (%)	**14.0%**	13.4%

Notes:

1. Current ratio equals current assets divided by current liabilities as of the same date.
2. Quick ratio equals currents assets less inventories and divided by current liabilities as of the same date.
3. Gearing ratio is calculated by dividing total liabilities by total assets as of the same date.

NET CURRENT ASSETS

Our net current assets decreased by 18% from RMB620.1 million as of December 31, 2024 to RMB508.6 million as of December 31, 2025, which was due to the provision of cash to finance our research and development activities, construction of our research and development and production facilities, purchase of equipment and machinery, and day-to-day operations.

As of December 31, 2025, our current assets amounted to RMB578 million, including monetary funds of RMB456.8 million, accounts receivable of RMB7.2 million, prepayments of RMB3.6 million, other receivables of RMB58.9 million, inventories of RMB45.5 million and other current assets of RMB6.2 million. As of December 31, 2025, our current liabilities amounted to RMB69.4 million, including trade payables of RMB53.8 million, contract liabilities of RMB4.8 million, payroll payable of RMB2.9 million, taxes and fees payable of RMB0.2 million, other payables of RMB6.7 million and non-current liabilities due within one year of RMB1.0 million.

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to maintain the Group's stability and growth, safeguard its normal operations and maximise shareholder value. The Group regularly reviews and manages its capital structure and makes timely adjustments in light of changes in operating and market conditions.

LIQUIDITY AND FINANCIAL RESOURCES

As of December 31, 2025, our monetary funds (mainly denominated in U.S. dollars and RMB), financial assets measured at fair value through profit or loss and other non-current financial assets amounted to RMB491.8 million, representing a decrease of 19.1% from RMB607.6 million as at December 31, 2024. The decrease was mainly due to the provision of cash to finance our research and development activities, construction of our research and development and production facilities, purchase of equipment and machinery, and day-to-day operations during the Reporting Period.

SIGNIFICANT INVESTMENTS HELD

As of December 31, 2025, the Group did not make or hold any significant investments (including any investments in investee companies amounting to 5% or more of the total assets of the Company as at December 31, 2025).

CONTINGENT LIABILITIES

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

CHARGE ON ASSETS

As of December 31, 2025, the Group had no charge on assets.

FOREIGN EXCHANGE EXPOSURE

We are exposed to currency risk primarily through bank deposits and intra-group receivables denominated in foreign currencies. The currency giving rise to such risk is primarily the U.S. dollars. During the Reporting Period, our business was not materially affected by fluctuations in exchange rates.

EMPLOYEES AND REMUNERATION POLICY

Currently, our employees are mainly from the mainland China and Hong Kong. As of December 31, 2025, the Group had a total of 134 employees. Total remuneration costs incurred by the Group amounted to RMB53.1 million for the year ended December 31, 2025, compared with RMB80.5 million for the year ended December 31, 2024.

The Group has a comprehensive remuneration system to ensure that employees receive fair and reasonable salaries and rewards. We strictly abide by relevant national and regional laws and regulations and pay "five social insurances and one housing fund" according to law, including pension insurance, medical insurance, unemployment compensation, work injury insurance, maternity insurance and housing provident fund, so as to ensure employees enjoy social insurance benefits. For outstanding employees, all rewards are filed with the human resources department and serve as an important basis for personal salary increases and promotions. In addition to salary and social protection insurance, we also provide paid annual leave, maternity leave, nursing leave, sick leave, personal leave and other holiday benefits to improve the life quality of employees and enhance their sense of belonging.

In recognition of the contributions of our employees and to motivate them to further boost the development of the Company, employee incentive schemes were approved and adopted in November 2020, January 2021 and January 2022 respectively. For further details, please refer to the paragraph headed "APPENDIX VII — STATUTORY AND GENERAL INFORMATION — D. PRE-IPO EMPLOYEE INCENTIVE SCHEMES" in the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

MODIFIED AUDIT OPINION

WUYIGE Certified Public Accountants LLP, the auditor of the Company (the "**Auditor**"), has issued a qualified opinion (the "**Qualified Opinion**") in respect of the consolidated financial statements of the Group for the year ended December 31, 2025. The management of the Company (the "**Management**") and the audit committee of the Company (the "**Audit Committee**") have reviewed and agreed with the Qualified Opinion, details of which are set out below.

DETAILS OF THE BASIS FOR QUALIFIED OPINION

Details of the modified opinion

Basis for Qualified Opinion: US$5,000,000 represented an investment in certain non-voting redeemable participating shares of an unlisted fund (the "**Fund**") made by the Company in 2024. Pursuant to the subscription agreement, the investment term was one year, during which the investment was classified as financial assets held for trading. The investment was not redeemed upon maturity in November 2025 and was subsequently reclassified to other receivables. In March 2026, the Company entered into a settlement agreement with the Fund, pursuant to which it was agreed that, upon payment of US$2,000,000 by the Fund, the Company would waive its rights to recover or pursue any form of claim in respect of the remaining balance of US$3,000,000. Accordingly, the Company recognised an allowance for expected credit losses of US$3,000,000 (equivalent to approximately RMB21,086,400) in respect of the above amount. The auditors performed audit procedures including inspection of supporting documentation, examination of bank remittance records, external confirmations, and a review of subsequent events. However, the auditors were unable to obtain sufficient appropriate audit evidence regarding the recoverability of the amount, the appropriateness of the impairment provision, and the potential impact on the financial statements.

Actual or potential impact on the issuers' financial position

The Company understand that this one-off loss is not expected to have any material adverse impact on the overall financial position, operating cash flows, or business operations of the Group. The Company maintains sufficient working capital and remains in full compliance with all applicable financial covenants and continuing listing obligations under the Listing Rules. The settlement enables the Company to eliminate contingent liabilities, reduce ongoing legal and administrative costs, and refocus management resources on its core operations.

Management's position and basis on major judgmental areas

Management's position and basis on major judgmental areas (including the recoverability of the settlement amount basis for impairment or valuation of assets) are as follows:

The recoverability of the settlement amount was subject to significant uncertainty at the time, as the investment was not redeemed at maturity and its recovery depended on subsequent negotiations and settlement. The Company has recovered the US$2 million on 1 April 2026 (U.S. time).

In assessing the impairment provision of US$3 million, the Management has taken into account the assessment of the Joint Receivers and the Cayman Islands legal counsel to the Joint Receivers on continuing the Hong Kong winding-up proceedings against the debtor, a BVI entity whose notes were subscribed by the sub-Fund and remained outstanding upon maturity:

Pros	Cons
Potential appointment of court appointed liquidators with statutory investigatory power, ability to investigate the debtor's affairs including its assets and liabilities.	Highly uncertain recovery outcome and timing. Assets may have already been dissipated or transferred beyond recovery.
Statutory framework to challenge antecedent or voidable transactions (subject to legal thresholds).	High evidential thresholds and lengthy litigation risk.
Theoretical possibility of partial or full recovery in a best case scenario.	Unknown existence of other secured or unsecured creditors. Biostar must continue to solely fund all recovery, insolvency and litigation costs. If liquidators are appointed, Biostar may need to fund Hong Kong liquidators' fees and expenses. Prolonged uncertainty impacts audit, financial reporting and disclosure. Real risk that recovery may ultimately be nil.

Conclusion: While the Hong Kong winding up process offers a formal mechanism to investigate the affairs of the debtor, it involves material cost exposure, indeterminate duration, and no reliable basis to estimate recoverable value, with a real risk that there will not be any meaningful recovery.

The Company, after careful and comprehensive consideration of all relevant abovementioned factors, considered it commercially reasonable to enter into the settlement arrangement to achieve a certain and immediate recovery of US$2 million, thereby enabling Biostar to cease all further legal action, and avoid continued receivership and litigation costs. Following the approval of the General Manager's Office (總經理辦公會), the settlement proposal was negotiated at arm's length, with the involvement of Cayman and Hong Kong legal counsel and the court-appointed receivers, to ensure independence and proper process.

Based on the above, although the settlement amount of US$2 million, which was achieved after extensive negotiations, represents a discount to the nominal redemption amount, the Management considers it to be commercially rational, as it is in the best interests of the Company and its shareholders as a whole, and will safeguard the Company's broader interests, facilitate the timely completion of the annual audit, preserve financing flexibility and protect shareholder value. Therefore, the impairment provision of US$3 million is appropriate.

How the Management's view is different from that of the Auditors

The difference between the Management's view and that of the Auditors does not reflect a disagreement on the underlying facts, but rather a difference in the timing of available evidence. As at the date of the audit report (30 March 2026), the settlement had just been signed (27 March 2026) and the US$2 million had not yet been received. The auditors, acting in accordance with auditing standards, could not assume the recoverability of the amount without verified evidence. The Management respects the auditors' professional judgment given the circumstances at that time. The Management's assessment was based on its ongoing negotiations with the counterparty, its understanding of the counterparty's financial position, and subsequent developments, including the execution of the settlement agreement and the actual recovery of US$2 million on 1 April 2026 (U.S. time).

VIEWS OF THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Audit Committee did not participate in the negotiation or execution of the settlement arrangement. However, after discussions with the Management and auditors, and having reviewed the relevant documents, the Audit Committee agrees with the Management's position and basis in relation to the Qualified Opinion, including the assessment of the recoverability of the Investment and the impairment provision made.

The Audit Committee understands that the Qualified Opinion was primarily attributable to the auditors' inability to obtain sufficient appropriate audit evidence at the relevant time to support the recoverability of the Investment and the appropriateness of the impairment provision. In this regard, the Audit Committee considers that such limitation was largely due to the timing of the settlement and the absence of sufficient supporting documentation as at the relevant reporting date, rather than any fundamental disagreement with the Management's assessment. In particular, the Audit Committee considers that the settlement arrangement represents a commercially reasonable decision under the circumstances, as it enables the Company to minimise its losses to the greatest extent practicable.

At the same time, the Audit Committee is of the view that the Company should further enhance its internal processes in certain areas, including the timely collection of supporting documents, as well as the ongoing follow-up and provision of subsequent developments and supporting information to the auditors in a timely manner, with a view to facilitating the auditors' assessment and supporting the resolution of the matters underlying the Qualified Opinion.

Taking into account the above, the Audit Committee concurs with the Management's position and considers that the settlement arrangement is in the best interests of the Company and its shareholders as a whole.

THE COMPANY'S ACTION PLAN TO ADDRESS THE MODIFIED OPINION

The Company has proposed an action plan to address the matters giving rise to the Qualified Opinion, which primarily involves the provision of additional supporting evidence and subsequent developments to the Auditors.

The Company has provided such materials including, but not limited to: (i) bank remittance records evidencing the receipt of the US$2 million under the settlement agreement, which had been received by the Auditors on April 11, 2026; and (ii) detailed supporting documentation in respect of the basis for determining the US$3 million amount to be waived under the settlement arrangement, including, but not limited to, (a) evidence of substantial legal fees and management costs incurred by the Company in establishing its creditor status and securing control of the sub-fund, which had been received by the Auditors on April 14, 2026, (b) the asset position of the sub-fund identified by the receivers, which had been received by the Auditors on April 13, 2026; (c) the receivers' analysis of the advantages and disadvantages of continuing the Hong Kong winding-up proceedings against the debtor (a BVI entity whose notes were subscribed by the sub-Fund and remained outstanding upon maturity), which had been received by the Auditors on April 16, 2026 and (d) relevant documentation evidencing the completed withdrawal of the legal proceedings against the sub-Fund, which had been received by the Auditors on April 16, 2026.

The Auditors are of the view that the proposed action plan is effective. In particular, the Auditors have indicated that, subject to their review of the above additional materials and obtaining sufficient appropriate audit evidence, they consider that sufficient appropriate audit evidence has now been obtained to support the recoverability and the loss recognition. Accordingly, the basis for the Qualified Opinion has been resolved, and the Auditors intend to issue an unmodified opinion in respect of this matter in the 2026 annual report.

The Board (including the Audit Committee) concurs with the Auditors' view and considers that the proposed action plan is effective and appropriate in addressing the matters underlying the Qualified Opinion.

Directors, Supervisors and Senior Management

The Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Dr. Tang Li (唐莉), aged 62, the co-founder of our Group, has been serving as a Director since January 2005, as the chairperson of the Board of the Group since July 2020, and as the chief scientific officer and the chief marketing officer of the Group since March 2021. She was re-designated as our executive Director in December 2023. Dr. Tang is primarily responsible for the overall management, decision-making, R&D, marketing and strategic planning of our Group. Dr. Tang has been our key driving force in innovation and has been overseeing our science-driven R&D efforts since the establishment of the Group.

Dr. Tang also holds the following positions in other members of the Group and is primarily responsible for the decisions of these companies: Dr. Tang has been serving as the general manager of Chengdu Biostar since February 2016; a director, the chief executive officer and the chief financial officer at Biostar Pharma, Inc. since July 2022; and a director of SynBio Pharma (Hong Kong) since November 2024.

Dr. Tang, having over 40 years of experience in the biotechnology field, was engaged in research and study in the field of biopharmaceuticals since 1983, she (i) served as an intern researcher at Chengdu Institute of Biological Products* (成都生物製品研究所) from July 1983 to August 1985; (ii) studied in microbial genetical engineering in the Graduate School of Peking Union Medical College* (中國協和醫科大學研究生院) in the PRC from September 1985 to July 1988; (iii) served as an assistant researcher at the Institute of Pharmaceutical Biotechnology of the Chinese Academy of Medical Sciences* (中國醫學科學院醫藥生物技術研究所) from August 1988 to December 1989; (iv) attended the Ph.D program in microbiology at the University of Wisconsin-Madison in the USA during September 1990 to January 1994; (v) was a postdoctoral research fellow at the University of Wisconsin-Madison School of Pharmacy from February 1994 to April 1998; (vi) served as a senior scientist at Kosan Biosciences, Inc. from May 1998 to October 2004; and (vii) served as professor at the Dalian University of Technology* (大連理工大學) from December 2006 to September 2012.

Dr. Tang obtained (i) a bachelor's degree of science in microbiology from Wuhan University (武漢大學) in the PRC in July 1983; (ii) a master's degree of science in microbial genetical engineering from the Graduate School of Peking Union Medical College* (中國協和醫科大學研究生院) in the PRC in October 1988; and (iii) a Ph.D degree from the University of Wisconsin-Madison in the USA in August 1994. She has published more than 40 research papers in the biotechnology field, and is the inventor of more than 40 patents. Dr. Tang was a recipient of the National Outstanding Youth Science Fund* (國家傑出青年科學基金獲得者) as awarded by the National Natural Science Foundation of China* (國家自然科學基金委員會).

Dr. Tang and Dr. Qiu Rongguo (邱榮國) are spouses, and Dr. Tang and Mr. Tang Jin (唐進) are siblings.

Dr. Qiu Rongguo (邱榮國), aged 64, as the co-founder of our Group, has been serving as a Director and the chief executive officer of the Group since July 2002 and March 2021, respectively, and as the vice-chairperson of the Board since July 2020. Dr. Qiu has been serving as the general manager since July 2002. He was re-designated as an executive Director in December 2023. He is responsible for the overall management, strategic planning and R&D of our Group.

Dr. Qiu also holds the following positions in other members of the Group and is primarily responsible for the decisions of these companies: Dr. Qiu has been serving as the executive director of Chengdu Biostar since January 2015; and a director and secretary at Biostar Pharma, Inc. since July 2022.

Dr. Qiu has over 40 years of experience in the biomedical field. Dr. Qiu (i) served as a lecturer at the School of Medicine of Sun Yat-sen University (中山大學醫學院) from December 1986 to January 1990; (ii) served as a research scholar at the University of California, San Francisco from February 1990 to September 1992; (iii) served as an associate scientist at Onyx Pharmaceuticals, Inc. from October 1992 to December 1997; (iv) was a postdoctoral research fellow at the University of California, Berkeley from January 1998 to October 2000; (v) served a scientist at Kosan Biosciences, Inc. from October 2000 to December 2001; (vi) served as a project leader at Panomics, Inc. from January 2002 to June 2002; and (vii) a professor at Dalian University of Technology* (大連理工大學) from December 2006 to September 2012.

Dr. Qiu obtained a bachelor's degree in virology and a master's degree in viral biochemistry from Wuhan University (武漢大學) in the PRC in July 1983 and August 1987, respectively. He received his Ph.D degree in cellular and molecular biology from the Utrecht University in May 1997. Dr. Qiu has published more than 40 research papers, and is the inventor of more than 15 patents.

Dr. Qiu and Dr. Tang Li (唐莉) are spouses.

Mr. Zhang Cheng (張成), aged 50, has been serving as a Director since August 2018 and the deputy general manager of our Group since March 2021. He was re-designated as an executive Director in December 2023. He is responsible for the overall production quality management of our Group. Mr. Zhang first joined our Group in June 2015 and was appointed as an executive deputy general manager of Chengdu Biostar in September 2016.

Mr. Zhang has over 20 years of experience in the biotechnology industry. Prior to joining our Group, Mr. Zhang successively worked in Chengdu Pharmaceutical Factory No.5* (成都製藥伍廠) and Sichuan Bollink Pharmaceutical Co., Ltd.* (四川寶興製藥有限公司) since September 1998. Mr. Zhang then served at Chengdu Xinlibang Bio-pharmaceutical Co., Ltd.* (成都信立邦生物製藥有限公司) from January 2003 to May 2015.

Mr. Zhang obtained a bachelor's degree of engineering in industrial analysis from the China University of Geosciences (Wuhan) (中國地質大學(武漢)) in the PRC in June 1998 and a master's degree of engineering in pharmaceutical engineering from Sichuan University (四川大學) in the PRC in December 2013.

Dr. Guan Jin (關津), aged 42, was appointed as a Director and a deputy general manager of our Company in March 2023. He was re-designated as an executive Director in December 2023. He is responsible for project management, business development and the public relations of our Group.

Dr. Guan has over 13 years of experience in the pharmaceutical industry. Dr. Guan's previous work experiences include serving as: (i) an intern at AustarPharma LLC from October 2009 to July 2010; (ii) an employee at China Resources Saike Pharmaceutical Co., Ltd.* (華潤賽科藥業有限責任公司) from August 2011 to September 2012; (iii) a technical manager at Eddingpharm (China) Co., Ltd.* (億騰醫藥(中國)有限公司) from November 2012 to November 2015; and (iv) as a senior director of project management at Taizhou EOC Pharma Co., Ltd. (泰州億騰景昂藥業股份有限公司) from November 2015 to March 2022.

Dr. Guan was qualified as a licensed pharmacist accredited by the Beijing Municipal Human Resources and Social Security Bureau* (北京市人力資源和社會保障局) in 2015 and a deputy chief pharmacist accredited by the Jiangsu Province Senior Title Examination and Recognition Committee* (江蘇省高級職稱考核認定委員會) in 2020. Dr. Guan was recognized as a China Medical City "113 Talent Plan" High-level Talents* (中國醫藥城"113人才計劃"高層次人才) by the Office of the Leading Group for the Construction of China Pharmaceutical City's "Talent Zone"* (中國醫藥城"人才特區"建設領導小組辦公室) in 2016, as a Jiangsu Province "six talent peaks" high-level talent* (江蘇省"六大人才高峰"高層次人才) by the Department of Human Resources and Social Security of Jiangsu Province* (江蘇省人力資源和社會保障廳) in 2017, as one of the Jiangsu Province "Innovative and entrepreneurial Talents"* (江蘇省"雙創人才") by the Organization Department of the Jiangsu Provincial Committee of the CPC* (中共江蘇省委組織部) and other authorities in 2018 and the Jiangsu Province "333 high-level talent training project"* (江蘇省"333高層次人才培養工程") by the Jiangsu Provincial Talent Work Leading Group Office* (江蘇省人才工作領導小組辦公室) in 2022.

Dr. Guan obtained a bachelor's degree in pharmacy (English) and a doctorate degree in pharmaceutics from Shenyang Pharmaceutical University (瀋陽藥科大學) in the PRC in July 2006 and June 2011, respectively.

Non-executive Directors

Mr. Tang Jin (唐進), aged 70, was appointed as a non-executive Director of our Company in December 2023. He is responsible for providing guidance and advice on the human resources and administrative matters to the Board.

Mr. Tang first joined our Group in December 2015 as a manager of the general department of Chengdu Biostar. He has also been serving as the deputy director of administration and deputy director of human resources of Chengdu Biostar since January 2022.

Mr. Tang's previous working experiences include serving at: (i) Sichuan Forestry Technical School* (四川省林業技工學校) as a lecturer from August 1983 to August 1988; (ii) Lezhi Phosphate Fertilizer Factory* (樂至縣磷肥廠) as a worker from October 1988 to June 1994 and successively as the head of equipment section and the assistant factory director from June 1994 to July 1995; (iii) a chemical machinery engineer at the Industrial Bureau of Lezhi County* (樂至縣工業局) from January 1994 to December 1996; and (iv) Sichuan Lezhi Fine Chemical Industry Co., Ltd.* (四川省樂至縣精細化工有限公司) as the deputy manager from July 1995 and as director since September 1997. Mr. Tang retired in September 2006 until he joined our Company in December 2015.

Mr. Tang was qualified as a mechanical engineer accredited by the Leading Group of Title Reform of Neijiang City* (內江市職稱改革領導小組) in August 1993.

Mr. Tang obtained a bachelor's degree of engineering in forestry machinery design and manufacturing form Northeast Forestry College* (東北林學院) in the PRC in July 1983.

Mr. Tang and Dr. Tang Li (唐莉) are siblings.

Ms. Dai Xuefen (戴雪芬), aged 49, was appointed as a non-executive Director of our Company in May 2025. She is responsible for providing guidance and advice on corporate and business strategies of our Group.

Ms. Dai Xuefen currently serves as internal audit director and securities director of the Company. Ms. Dai has a Master's degree in Finance from Peking University and holds the qualifications of Senior Accountant of China, Certified Management Accountant in the United States, a fellow member of the Institute of Public Accounts of Australia and a fellow member of the Institute of Management Accountants in the United Kingdom* (英國資深公共會計師).

From July 2001 to July 2004, Ms. Dai served as the investment banking project manager of Beijing Changxing Investment Management Co.* (北京長興投資管理有限公司); from August 2004 to December 2006, she successively served as the investment project manager of Beijing Liandong Investment (Group) Co., Ltd.* (北京聯東投資(集團)有限公司), and the assistant to the chief financial officer of the subsidiary after acquisition; from January 2007 to June 2019, she served successively as chief financial officer, secretary of the board of directors, and deputy general manager of the board of directors of Beijing Yueji Co., Ltd.* (北京約基股份有限公司); from July 2019 to present, she has been working in the Company.

Ms. Dai also holds the qualification certificates of secretary for the board of directors issued by the Shenzhen Stock Exchange and the Shanghai Stock Exchange, respectively, also with a securities practitioner qualification certificate issued by the Securities Association of China. She was awarded the title of "Yicheng Outstanding Talent" * (亦城優秀人才) in Beijing Economic and Technological Development Area in 2024.

Independent Non-executive Directors

Dr. Meng Songdong (孟頌東), aged 56, was appointed as an independent non-executive Director of our Company in March 2022. He is responsible for supervising and providing independent advice to our Board.

Dr. Meng has over 18 years of experience in the microbiology industry. Dr. Meng has been serving as (i) a researcher of the Institute of Microbiology, Chinese Academy of Sciences* (中國科學院微生物研究所) since 2007; (ii) an executive director and manager of Foshan HeatShock Biotechnology Co., Ltd.* (佛山熱休生物技術有限公司) since January 2018; (iii) a chief scientific officer of Taihe Huamei (Zhejiang) Pharmaceutical Technology Co., Ltd.* (太和華美(浙江)醫藥科技股份有限公司) since January 2016; (iv) an executive director of Beijing HeatShock Biotechnology Co., Ltd.* (北京熱休生物技術有限公司) since July 2016; (v) a managing partner of Ningbo Reji Investment Management Partnership (Limited Partnership)* (寧波熱激投資管理合夥企業(有限合夥)) since January 2018.

Dr. Meng graduated from Xinjiang University (新疆大學) in the PRC in July 1991, and later graduated from the Xinjiang Institute of Ecology and Geography Chinese Academy of Sciences* (中國科學院新疆生態與地理研究所) in the PRC in June 1994. He then obtained a doctorate degree of science in microbiology from the Institute of Applied Ecology, Chinese Academy of Sciences* (中國科學院瀋陽應用生態研究所) in the PRC in July 1998 and completed his post-doctoral study at the Institute of Microbiology, Chinese Academy of Sciences* (中國科學院微生物研究所) in the PRC in 2001. He later completed his postdoctoral studies at the University of Texas Southwestern Medical Center, USA in May 2006.

Mr. Shiu Shu Ming (蕭恕明), aged 56, was appointed as an independent non-executive Director of our Company in May 2025. He is responsible for supervising and providing independent advice to our Board.

Mr. Shiu Shu Ming obtained a bachelor's degree in accountancy from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in 1993 and is a member of the Hong Kong Institute of Certified Public Accountants and was recognized as a member of the Association of Chartered Certified Accountants in October 2002. Mr. Shiu has more than 20 years of experience in corporate finance, mergers and acquisitions, initial public offerings, and fundraising exercises in various ventures and projects with a deal portfolio covering private entities, PRC state-owned enterprises and publicly listed companies in Hong Kong, the PRC, and Indonesia.

Mr. Shiu currently serves as an independent non-executive director of Teamway International Group Holdings Limited (stock code: 1239), a company listed on the Main Board of the Stock Exchange since November 30, 2025. He has been appointed as the independent non-executive director of Tianjin Construction Development Group Co., Ltd. (stock code: 2515), a company listed on the Main Board of the Stock Exchange since April 2024. Mr. Shiu was appointed as a non-executive director of Orient Securities International Holdings Limited (a company formerly listed on the GEM of the Stock Exchange and delisted on November 13, 2025, stock code: 8001) in June 2022 and was subsequently re-designated as an executive director in July 2022. Mr. Shiu served as a non-executive director of Oriental Payment Group Holdings Limited (stock code: 8613), a company listed on the GEM of the Stock Exchange from December 2021 to July 2025, and served as an independent non-executive director of Tianyun International Holdings Limited (a company listed on the Main Board of the Stock Exchange and delisted on January 7, 2025, stock code: 6836) from April 2022 to January 2025. Mr. Shiu also held positions as an executive director and a non-executive director at Town Health International Medical Group Limited (Stock Code: 3886), a company listed on the Main Board of the Stock Exchange and Allegro Culture Limited (Stock Code: 0550), a company listed on the Main Board of the Stock Exchange from November 2022 to June 2023 and from January 2023 to September 2023, respectively.

Dr. Ye Chengang (葉陳剛), aged 63, was appointed as an independent non-executive Director of our Company in May 2025. He is responsible for supervising and providing independent advice to our Board.

Dr. Ye is a professor and Ph.D. advisor at the University of International Business and Economics. He is a member of the State Council Academic Committee and one of the most authoritative experts in Certified Public Accountant ("**CPA**") training in China. Dr. Ye serves as a special advisor and chief instructor for Hao Accounting Education, and is a senior visiting scholar at the National Accounting Institute. He has been engaged in teaching, research, and CPA exam preparation and research for many years.

Dr. Ye is an expert in the study of business ethics and accounting professional ethics in China. His research areas include accounting, auditing and corporate governance, business ethics, and accounting professional ethics. He has led nearly twenty key research projects funded by the State Education Commission, Ministry of Education, National Natural Science Foundation, and Ministry of Finance. He has authored numerous academic works, translations, and textbooks, including "Corporate Ethics and Accounting Professional Ethics" and has guided nearly ten thousand CPA exam candidates.

SUPERVISORS

Mr. Zhang Shufeng (張樹豐), aged 57, has been serving as a Supervisor since February 2016 and the chairperson of the Supervisory Committee since March 2021. He is responsible for overseeing operations activities of our Group.

Mr. Zhang has been serving as (i) a director of Beijing Kaibang Optical Fibre Technology Co., Ltd.* (北京凱邦光纖科技有限公司) since its establishment in November 2001; (ii) a director of Beijing Intellec Technology Co., Ltd.* (北京英特萊科技有限公司) since August 2013; (iii) a director of Beijing Anglin Maofeng Technology Co., Ltd.* (北京昂林貿烽科技有限公司) since June 2014; (iv) a supervisor of Shanghai Electric Kanda Medical Equipment Group Co., Ltd.* (上海電氣康達醫療器械集團股份有限公司) since November 2014; (v) a director of Beijing Chongde Yingsheng Investment Management Co., Ltd.* (北京崇德英盛投資管理有限公司) since August 2016; (vi) a director of Tianjin Anglin Maofeng High-Tech Material Co., Ltd.* (天津昂林貿烽高新材料有限公司) since March 2017; (vii) a director of Beijing Chongde Yingsheng Venture Capital Co., Ltd.* (北京崇德英盛創業投資有限公司) since June 2016; (viii) a director of Beijing Junke Huayuan Pharmaceutical Technology Co., Ltd.* (北京君科華元醫藥科技有限公司) since October 2019; (ix) the legal representative and a manager of Chongde Hongxin (Beijing) Investment Management Co., Ltd.* (崇德弘信(北京)投資管理有限公司) since November 2019.

Mr. Zhang graduated from Jilin University of Technology (吉林工業大學) in the PRC in July 1990 and obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in July 1999.

Ms. Zhou Quan (周荃), aged 40, has been serving as a Supervisor since December 2016. Ms. Zhou first joined our Group in October 2009 as the accountant of our Company. She then served as a financial manager of our Company. Ms. Zhou also served as a supervisor and a financial manager of Chengdu Biostar Pharmaceuticals Co., Ltd* (成都華昊中天藥業有限公司) since August 2020 and January 2022, respectively. She is responsible for overseeing the financial matters of our Group.

Ms. Zhou obtained a bachelor's degree of engineering in transportation from Southwest Jiaotong University (西南交通大學) in the PRC in June 2009.

Mr. Kong Rixiang (孔日祥), aged 49, has been serving as our employee representative Supervisor since March 2021. He is responsible for overseeing the operations activities of our Group. Mr. Kong has been engaged in R&D in our Company since March 2003 and has been serving as the R&D director of our Company since December 2018.

Prior to joining our Group, Mr. Kong served as an association officer at the China Membrane Industry Association* (中國膜工業協會) from August 2002 to February 2003. Mr. Kong obtained a bachelor's degree of engineering in biochemistry and a master's degree of engineering in fermentation engineering from Tianjin University of Science and Technology (天津科技大學) in the PRC in July 1999 and April 2002, respectively.

SENIOR MANAGEMENT

Dr. Tang Li (唐莉), is the chief scientific officer and the chief marketing officer of the Group. For details of her biography, please refer to the section headed "— Directors — Executive Directors" above.

Dr. Qiu Rongguo (邱榮國), is the chief executive officer of the Group. For details of his biography, please refer to the section headed "— Directors — Executive Directors" above.

Mr. Zhang Cheng (張成), is the deputy general manager of the Group. For details of his biography, please refer to the section headed "— Directors — Executive Directors" above.

Dr. Guan Jin (關津), is the deputy general manager of the Group. For details of his biography, please refer to the section headed "— Directors — Executive Directors" above.

Mr. Liu Kailin (劉開林), aged 43, is the secretary of the Board and investment director of the Group and has been serving as the investment director of our Company since July 2020 and the secretary of the Board and the investment director of our Company since September 2020. He is responsible for assisting the Board and corporate information disclosure and investor relations management of our Group.

Mr. Liu served at Guosen Securities Co., Ltd. (國信證券股份有限公司) from May 2008 to March 2014, as a vice president of the capital market department at China Securities Co., Ltd (中信建投證券股份有限公司) from April 2014 to February 2015, as a senior manager of the equity sales department of Morgan Stanley Huaxin Securities Company Limited (摩根士丹利華鑫證券有限責任公司) from March 2015 to July 2018 and as a director of the investment banking department at UBS Securities Co. Limited (瑞銀證券有限責任公司) from July 2018 to July 2020.

Mr. Liu obtained a bachelor's degree of economics in international economics and trade from Northwest University of Political Science and Law (西北政法大學) in the PRC in July 2006 and a master's degree of economics in applied economics and finance from Nankai University (南開大學) in the PRC in June 2008.

Mr. Peng Fei (彭飛), the financial director of the Group, aged 52, has been serving as the financial director of our Company in March 2022. He is responsible for the finance, accounting and tax matters of our Group. Mr. Peng was engaged in financial management in the Third Division of the Bureau of Factory Construction of the Ministry of Railways* (鐵道部建廠局三處) from September 1991 to August 2004. He then served as the financial director of Chengdu Ruixin Biopharma Technology Co., Ltd.* (成都瑞欣生物醫藥技術有限公司) from September 2004 to March 2012, at Sinco Pharmaceutical Holdings Limited (a company listed on the Stock Exchange with stock code: 6833) and/or its subsidiaries from July 2013 to March 2021, with his last position as the deputy financial director at Sinco Pharmaceutical Holdings Limited, as the deputy general manager at Sichuan Sinco Pharmaceutical Co., Ltd. (四川興科蓉藥業有限責任公司), and as the general manager at Tibet Linzhi Ziguang Pharmaceutical Co., Ltd* (西藏林芝紫光藥業有限責任公司). He then served as the financial director at Tibet Yuewang Pharmaceutical Clinic Eco-Tibetan Pharmaceutical Technology Co., Ltd.* (西藏月王藥診生態藏藥科技有限公司) from March 2021 to December 2021.

Mr. Peng was qualified as a registered tax agent by the Sichuan Provincial Personnel Department* (四川省人事廳) in April 2009, as a senior accountant by the Chengdu Municipal Title Reform Leading Group* (成都市職稱改革工作領導小組) in April 2013 and as a certified public accountant by the Sichuan Association of Certified Public Accountants* (四川省註冊會計師協會) in April 2017.

Mr. Peng graduated from the Southwest University of Finance and Economics (西南財經大學) in the PRC in December 2006.

JOINT COMPANY SECRETARIES

Mr. Liu Kailin (劉開林), was appointed as one of the joint company secretaries of the Group on October 31, 2024 (the Listing Date). For further details of Mr. Liu, please refer to the paragraph "— Senior Management" above.

Mr. Chan Yik Pun (陳奕斌) was appointed as one of the joint company secretaries of the Group on October 31, 2024 (the Listing Date). Mr. Chan is currently the chief financial officer of Tianfang Jincheng (HK) Limited. Mr. Chan is also an independent non-executive director of China Suntien Green Energy Corporation Limited, the shares of which are listed on the Stock Exchange (stock code: 956) and the Shanghai Stock Exchange (stock code: 600956.SH), Yunhong Guixin Group Holdings Limited (stock code: 8349). Mr. Chan has over 18 years of experience in financial accounting. He successively served as the financial controller and head of finance of Tianfang Hospitality Management Pte. Ltd., company secretary of Natural Food International Holding Limited, the financial controller in the hotel division of Sun Hung Kai Real Estate Agency Limited, the financial controller and the company secretary of Zall Group Ltd., the senior finance manager of Chaoyue Group Limited, the senior accountant of Ernst & Young (Shanghai)/Ernst & Young (Australia), and the senior accountant of Grant Thornton LLP.

CHANGES IN DIRECTORS' INFORMATION

Ms. Qi Jingyao and Mr. Ran Dong resigned as independent non-executive Directors on March 26, 2025 and April 10, 2025 respectively, and the extraordinary general meeting of the Company convened on May 23, 2025 considered and approved the Resolution on Proposed By-election of Independent Non-executive Directors, which approved the by-election of Mr. Shiu Shu Ming and Dr. Ye Chengang as the independent non-executive Directors. For details, please refer to the announcements of the Company dated May 2, 2025 and May 23, 2025.

The extraordinary general meeting of the Company convened on May 23, 2025 considered and approved the Resolution on Consideration and Approval of Proposed By-election of a Non-executive Director, which approved the by-election of Ms. Dai Xuefen as a non-executive Director. Mr. Zhu Pai resigned as a non-executive Director of the Company on May 23, 2025. For details, please refer to the announcements of the Company dated May 2, 2025 and May 23, 2025.

Up to the date of this report, save as disclosed in this annual report, there has been no other change in Directors' information that is 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.

DIRECTORS

The Board currently consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Dr. Tang Li *(Chairperson, executive Director, chief scientific officer and chief marketing officer)*
Dr. Qiu Rongguo
Mr. Zhang Cheng
Dr. Guan Jin

Non-executive Directors

Mr. Tang Jin
Ms. Dai Xuefen *(appointed on May 23, 2025)*

Independent Non-executive Directors

Dr. Meng Songdong
Mr. Shiu Shu Ming *(appointed on May 23, 2025)*
Dr. Ye Chengang *(appointed on May 23, 2025)*

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

Ms. Qi Jingyao and Mr. Ran Dong resigned as independent non-executive Directors on March 26, 2025 and April 10, 2025, respectively. The Company convened an extraordinary general meeting on May 23, 2025 to consider and approve the Consideration and Approval of the Proposed By-election of Independent Non-executive Directors, which agreed to the by-election of Mr. Shiu Shu Ming and Dr. Ye Chengang as independent non-executive Directors. For details, please refer to the announcements of the Company dated May 2, 2025 and May 23, 2025.

The Company convened an extraordinary general meeting on May 23, 2025 to consider and approve the Consideration and Approval of the Proposed By-election of a Non-executive Director, which agreed to the by-election of Ms. Dai Xuefen as a non-executive Director. Mr. Zhu Pai resigned as a non-executive Director of the Company on May 23, 2025. For details, please refer to the announcements of the Company dated May 2, 2025 and May 23, 2025.

Up to the date of this report, save as disclosed in this annual report, there has been no other change in Directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The Company has received from each of the independent non-executive Directors an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

MAIN BUSINESS

The Company is a synthetic biology-driven biopharmaceutical company committed to product development, manufacturing and commercialization of innovative oncology products.

The activities and details of the Group are set out in note I to the consolidated financial statements in this annual report. An analysis of the results of the Group for the year ended December 31, 2025 is set out in the section headed "Management Discussion and Analysis" of this annual report.

There have been no significant changes in the nature of the Group's principal activities during the Reporting Period and up to the date of this report.

BUSINESS REVIEW

A review of the Group's business for the year ended December 31, 2025 as required by the Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion and analysis of the future business development of the Group and the key financial and operational performance indicators adopted by the Directors in measuring the performance of the Group's business, is set out in the sections headed "Management Discussion and Analysis" and "Financial Highlights" of this annual report. These discussions form part of this Report of Directors. Events that have occurred since the end of the financial year that have had an impact on the Company are set out in the section headed "Important Events after the Reporting Period" of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements contained in this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025 (2024: nil).

As of December 31, 2025, there was no arrangement under which a shareholder has waived or agreed to waive any dividend.

SHARE CAPITAL AND SHARES ISSUED

Details of the movement in the share capital of the Company for the year ended December 31, 2025 and details of the Shares issued during the year ended December 31, 2025 are set out in note V (XXVI) to the consolidated financial statements in this annual report.

RESERVES

As of December 31, 2025, the Company did not have any distributable reserves.

Details of the movement in reserves of the Company and the Group for the year ended December 31, 2025 are set out in note V (XXVII–XXIX) to the consolidated financial statements.

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 1202B, 12/F, Building 3, No. 22 Ronghua Middle Road, Beijing Economic-Technological Development Area, Beijing, PRC on Friday, June 26, 2026 at 3:00 p.m.. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 23, 2026 to Friday, June 26, 2026, both days inclusive, in order to determine the eligibility of Shareholders who are entitled to attend and vote at the AGM to be held on Friday, June 26, 2026. Shareholders whose name appear on the register of members of the Company on Friday, June 26, 2026 will be entitled to attend and vote at the AGM.

In order to be eligible to attend and vote at the AGM, all transfers accompanied by relevant share certificates and transfer forms must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, June 22, 2026.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond our control:

- financial position and additional capital requirements;
- uncertainty about the outcome of clinical development of drug candidates;
- ability to identify, discover or obtain licences for the introduction of new drug candidates;
- all major aspects of research, development and commercialization of drugs under strict regulation;
- commercialization of our drug candidates;
- reliance on third parties;
- patent and other intellectual property protection in relation to our drug candidates; and
- risks relating to our industry, business and operations.

However, the above list is not exhaustive. Investors are advised to exercise their own judgement or consult their respective investment advisers before making any investment in our H Shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to community and achieving sustainable growth.

Further details of the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report" published in accordance with Rule 13.91 of the Listing Rules and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules in this annual report.

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. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 40.5% of the Group's total procurement, compared to 25.4% for the year ended December 31, 2024. For the year ended December 31, 2025, the Group's single largest supplier accounted for 27.2% of the Group's total procurement, compared to 12.6% for the year ended December 31, 2024.

For the year ended December 31, 2025, the Group's five largest customers accounted for 79.2% of the Group's total revenue, compared to 78.9% for the year ended December 31, 2024. For the year ended December 31, 2025, the Group's single largest customer accounted for 23.8% of the Group's total revenue, compared to 33.6% for the year ended December 31, 2024.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (who, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had any interest in the Group's five largest customers or suppliers during the Reporting Period.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes that various stakeholders, including investors, employees, customers, suppliers and other stakeholders that have a significant impact on the Company and on which the Company's success depends are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating and cultivating strong relationship with them.

Details of an account of the Company's key relationships with its investors, employees, customers, suppliers and other stakeholders that have a significant impact on the Company and on which the Company's success depends are set out in the "Environmental, Social and Governance Report" in this annual report.

FINANCIAL SUMMARY

The Company's H Shares were listed on the Stock Exchange on October 31, 2024. A summary of the Group's results, assets and liabilities for the last four financial years is set out in the section headed "Four-year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

PROSPECTS

A description of the future development in the Company's business is provided in the "Management Discussion and Analysis — Future and Outlook".

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

We have entered into a service contract with each of our Directors and Supervisors which contains provisions in relation to, among other things, compliance with relevant laws and regulations and observance of the Articles of Association.

The principal particulars of these service contracts are: (a) each of the contracts is for a term of three years following his/her respective effective date of his/her appointment; and (b) each of the contracts is subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors and Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

EMPLOYEES AND REMUNERATION POLICIES

A review of the employees and remuneration policies of the Group during the year is set out in the section headed "Management Discussion and Analysis — Financial Review — Employees and Remuneration Policies" of this annual report.

RETIREMENT BENEFITS SCHEME

As stipulated under the relevant rules and regulations in the PRC, the employees of the Company and its subsidiary established in the PRC are members of central pension scheme operated by the local municipal government. They are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of them. The only obligation of them with respect to the central pension scheme is to meet the required contributions under the scheme.

During the years ended December 31, 2025, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions or the contributions payable in future years.

Details of the retirement benefits scheme of the Group are set out in note V(XVIII) to the consolidated financial statements in this annual report.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Our Directors and Supervisors, certain of whom are also employees of our Company, receive compensation in the form of fee, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

The remuneration of the Directors and Supervisors of the Group is determined by the general meeting with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the individual performance and comparable market statistics. The remuneration of the senior management of the Group is determined by the Board with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the individual performance and comparable market statistics.

Details of the remuneration of the Directors, Chief Executive and the five highest paid individuals for the Reporting Period are set out in note XII to the consolidated financial statements in this annual report.

During the Reporting Period, there was no emolument paid by the Group to any of the Directors, Supervisors or any of the five highest paid individuals as an inducement to join, or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors waived or agreed to waive any emoluments for the year ended December 31, 2025.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors and Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Controlling Shareholders or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in a business which competes or is likely to compete, directly or indirectly, with business of the Group for the year ended December 31, 2025.

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 non-executive Directors may hold directorships from time to time.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed from the period of the Listing Date to December 31, 2025 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

CONNECTED TRANSACTION

During the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions in accordance with the Listing Rules.

Details of the related party transactions of the Group for the year ended December 31, 2025 are set out in note XII to the consolidated financial statements in this annual report. None of the related party transactions constitutes a connected transaction or a continuing connected transaction required to be disclosed in accordance with the Listing Rules.

MATERIAL LITIGATION

Save as disclosed in this annual report, the Company was not involved in other new material litigation or arbitration as at the date of this report. The Directors were also not aware of any other material litigation or claims that are pending or threatened against the Group as at the date of this report.

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

During the period from the Listing Date to December 31, 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings for the year ended December 31, 2025 are set out in note V(XX) to the consolidated financial statements of this annual report. During the year ended December 31, 2025, the Company did not breach any terms of loan agreements that have a material impact on the Group's operations.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

For the purpose of 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.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note V (IX & X) to the consolidated financial statements of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules during the Reporting Period and up to the date of this annual report.

DONATION

During the Reporting Period, the Group did not make any charitable or other donations.

CORPORATE GOVERNANCE

The Company strives to attain a high standard of corporate governance to protect the interest of the Shareholders and enhance corporate value and accountability. Information on corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association or the PRC laws which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief and exemption from taxation available to the Shareholders of the Company by reason of their holding of the Shares of the Company.

PERMITTED INDEMNITY PROVISION

During the Reporting Period, the Company has maintained appropriate liability insurance for Director of the Group and such insurance remained effective.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporations; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other corporations, or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Employee Stock Platforms" below, no equity-linked agreements that will or may result in the Company issuing Shares or require the Company to enter into any agreement that will or may result in the Company issuing shares were entered into by the Group, or subsisted as of December 31, 2025.

DISCLOSURE OF INTERESTS

A. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at December 31, 2025, the interests and short positions of our Directors, Supervisors and the chief executive in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) were required to be entered in the register referred to therein pursuant to Section 352 of the SFO, or (iii) were required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules were as follows:

Name of Director/ Supervisor/Chief Executive	Description of the Shares	Personal Interest	Spousal Interest	Corporate Interest	Number of Shares Held or Interested	Approximate percentage of shareholding in the total share capital of the Company (%)
Tang Li (Chairperson of the Board, executive Director, chief scientific officer and chief marketing officer)	H Shares	1,437,173	82,234	43,785,108	45,304,515	15.86
	Unlisted Shares	2,155,759	123,351	55,551,189	57,830,299	12.43
Qiu Rongguo (Vice-chairperson, executive Director, and chief executive officer)	H Shares	—	45,222,281	82,234	45,304,515	15.86
	Unlisted Shares	—	57,706,948	123,351	57,830,299	12.43

Long Positions in Shares of Associated Corporations of the Company

Save as disclosed above, as of December 31, 2025, none of the Directors, Supervisors or chief executives of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

B. Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As of December 31, 2025, after making reasonable enquiries, as far as the Company and Directors are aware, the following parties have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO:

So far as the Directors are aware, immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, the following parties will have interests and/or short positions in the Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Name of Shareholder	Capacity/ Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company (%)	Number and description of the Shares	Approximate percentage of interest in the Company[1] (%)	Approximate percentage of interest in the Unlisted Shares/H Shares (as appropriate)[1][6] (%)
Dr. Tang Li[2][3][5]	Beneficial owner; interest of spouse; interest in controlled corporations	103,134,814 Unlisted Shares and H Shares	28.29	57,830,299 Unlisted Shares	15.86	39.11
				45,304,515 H Shares	12.43	20.90
Dr. Qiu Rongguo[2][3][5]	Interest of spouse; interest in controlled corporation	103,134,814 Unlisted Shares and H Shares	28.29	57,830,299 Unlisted Shares	15.86	39.11
				45,304,515 H Shares	12.43	20.90
Kevin Zhang[5]	Interest in controlled corporation	40,505,885 Unlisted Shares and H Shares	11.11	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35
Hannah Qiu[5]	Interest in controlled corporation	40,505,885 Unlisted Shares and H Shares	11.11	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35
Baygen QT Inc.[5]	Beneficial owner	40,505,885 Unlisted Shares and H Shares	11.11	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35
Shanghai Xinsheng	Beneficial owner	34,798,296 Unlisted Shares and H Shares	9.54	6,798,296 Unlisted Shares	1.86	4.60
				28,000,000 H Shares	7.68	12.92
SDIC VC	Beneficial owner	29,426,685 Unlisted Shares and H Shares	8.07	29,426,685 Unlisted Shares	8.07	19.90
Shanghai Haidai	Beneficial owner	24,475,926 Unlisted Shares and H Shares	6.71	12,237,963 Unlisted Shares	3.36	8.28
				12,237,963 H Shares	3.36	5.65

Name of Shareholder	Capacity/ Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company (%)	Number and description of the Shares	Approximate percentage of interest in the Company[1] (%)	Approximate percentage of interest in the Unlisted Shares/H Shares (as appropriate)[1][6] (%)
Efung Investment[6]	Interest in controlled corporation	21,827,261 H Shares	5.99	21,827,261 H Shares	5.99	10.07
Zhuhai Jingrong[3]	Beneficial owner	20,392,815 Unlisted Shares	5.59	12,235,689 Unlisted Shares	3.36	8.27
				8,157,126 H Shares	2.24	3.76
Zhuhai Huajin[4]	Beneficial owner	19,220,863 Unlisted Shares	5.27	11,532,518 Unlisted Shares	3.16	7.80
				7,688,345 H Shares	2.11	3.55

(1) The calculation is based on the total number of 147,867,143 Unlisted Shares and 216,720,857 H Shares in issue upon Listing comprising (i) an aggregate of 202,132,857 Share to be converted from the Unlisted Shares and (ii) 14,588,000 to be issued pursuant to the Global Offering.

(2) Dr. Tang Li is the spouse of Dr. Qiu Rongguo. Accordingly, Dr. Tang Li is deemed to be interested in any Shares Dr. Qiu Rongguo is interested and Dr. Qiu Rongguo is deemed to be interested in any Shares Dr. Tang Li is interested for the purpose of the SFO.

(3) As of the date of this annual report, Dr. Tang Li is the general partner of and Dr. Qiu Rongguo is a limited partner of Zhuhai Jingrong, which owns 5.59% of the total issued Shares. As of the date of this annual report, Zhuhai Jingrong is owned as to 51% by Dr. Tang Li and 49% by Dr. Qiu Rongguo. Accordingly, Dr. Tang Li is deemed to be interested in such Shares held by Zhuhai Jingrong for the purpose of the SFO. As the general partner of Zhuhai Jingrong, Dr. Tang Li is deemed to have de facto control in Zhuhai Jingrong and hence is a controller of Zhuhai Jingrong. As of the date of this annual report , Beijing Baygen owns 0.12% of the total issued Shares, and is owned as to 51% by Dr. Tang Li and 49% by Dr. Qiu Rongguo. Accordingly, Dr. Tang Li and Dr. Qiu Rongguo are deemed to be interested in such Shares for the purpose of the SFO.

(4) As of the date of this annual report, Dr. Tang Li is the general partner of Zhuhai Huajin, being one of our Employee Incentive Platforms, which owns 5.27% of the total issued Shares. Accordingly, Dr. Tang Li is deemed to be interested in such Shares held by Zhuhai Huajin for the purpose of the SFO. As the general partner of Zhuhai Huajin, Dr. Tang Li is deemed to have de facto control in Zhuhai Huajin and hence is a controller of Zhuhai Huajin.

(5) As of the date of this annual report, Baygen QT Inc. is owned as to 43.5%, 43.5%, 6.5% and 6.5% by Kevin Zhang, Hannah Qiu, Dr. Tang Li and Dr. Qiu Rongguo respectively. Kevin Zhang and Hannah Qiu are Dr. Tang Li's son and daughter. Based on an irrevocable proxy dated August 21, 2021 made among Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu, Kevin Zhang and Hannah Qiu had granted an irrevocable proxy vesting all voting power in the issued and outstanding shares of Baygen QT Inc. to Tang Li. Accordingly, Baygen QT Inc. is a corporation controlled by Dr. Tang Li, and Dr. Tang Li is deemed to be interest in such Shares for the purpose of the SFO. For further details on the control and power over Baygen QT Inc., please refer to the paragraph headed "History, Development and Corporate Structure — Corporate Structure — Corporate Structure Immediately before Completion of the Global Offering".

(6) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.

EMPLOYEE STOCK PLATFORMS

In order to recognise the contribution of the Company's employees and to motivate them to further promote the development of the Company, the Company has established three employee stock platforms, namely Zhuhai Huajin, Zhuhai Huaxin and Zhuhai Huarong, in accordance with the laws of the PRC.

The Company's shares were listed on October 31, 2024 on the Stock Exchange. Prior to the Listing, all the Shares held by the three employee stock platforms have been granted to the relevant persons.

The following is a summary of the principal terms of the employee incentive scheme adopted by our Company on November 18, 2020 (the "**Zhuhai Huajin Employee Incentive Scheme**"), the employee incentive scheme approved and adopted by our Company on January 1, 2021 (the "**Zhuhai Huaxin Employee Incentive Scheme**") and the employee incentive scheme approved and adopted by our Company on January 10, 2022 (the "**Zhuhai Huarong Employee Incentive Scheme**") (collectively, the "**Employee Incentive Schemes**"). For details of our Employee Incentive Schemes, please refer to "History, Development and Corporate Structure — Employee Incentive Platforms" in the prospectus.

The terms of the Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as no stock will be granted under the Employee Incentive Schemes after the Listing. All awards under the Employee Incentive Scheme have been fully granted.

Purpose

The Employee Incentive Schemes aim to further stimulate the enthusiasm of the management members and personnel of our Company, enhance our Company's overall competitiveness, and ensure the achievement of the business objectives of the future development strategy of our Company. Employees shall exercise their rights in accordance with and subject to the terms of the relevant Employee Incentive agreements.

Administration

The Board of our Company is responsible for considering and approving the Employee Incentive Schemes, and has authorized, Dr. Tang Li, the chairperson of the Board, who is authorized to delegate such authority to the general manager, to formulate, revise and terminate the Employee Incentive Schemes.

The Supervisory Committee is the supervisory body of the Employee Incentive Schemes, responsible for verifying the list of grantees and supervising whether the implementation of the Employee Incentive Schemes complies with relevant laws and regulations and the Articles of Association.

Award

An award under the Employee Incentive Schemes (the "**Award(s)**") gives a participant in the Employee Incentive Schemes a right when granted the Award to obtain partnership interest in the Employee Incentive Platforms as a limited partner.

Voting Rights

All grantees under the Employee Incentive Schemes are informed and acknowledge that Dr. Tang Li, the general managing partner of Zhuhai Huajin, Zhuhai Huaxin, and Zhuhai Huarong, is entitled, pursuant to the terms of the partnership agreements, to represent Zhuhai Huajin, Zhuhai Huaxin, and Zhuhai Huarong at the Company's shareholders' meetings and to independently exercise voting rights, respectively.

Alternation, Termination and Repurchase

When the grantee's position changes but he or she remains an employee of the Company or is formally appointed by the Company to serve in a relevant subsidiary, the granted restricted stock units will remain unchanged.

In the event of any of the following circumstances occurring to the grantee, unless the Company decides otherwise, the already granted restricted stock units will be repurchased by the general managing partner of each employee incentive platform or another designated entity meeting the incentive conditions, effective from the date of occurrence:

- violation of national laws and regulations, the Articles of Association, or internal management rules, or acts of negligence or malpractice as stipulated in the employment contract, or actions seriously damaging the Company's interests or reputation, or causing direct or indirect economic losses to the Company;
- evidence provided by the Company proving that the grantee has engaged in bribery, corruption, embezzlement, theft, disclosure of business and technical secrets, or other illegal and disciplinary acts during their tenure, thus damaging the Company's interests and reputation;
- being criminally prosecuted for criminal acts; or
- other actions deemed by the Company to damage its interests.

Within 3 years after signing the equity incentive agreement, in case of any of the following circumstances occurring to the grantee, unless the Company decides otherwise, the unlocked or unvested restricted stock units will be repurchased by the general managing partner of each employee incentive platform or another designated entity meeting the incentive conditions:

- becoming a person prohibited by law from holding Company incentive shares or stock options;
- downgrading in terms of job position or dismissal due to unsatisfactory annual performance evaluations;
- leaving the Company within 3 years of the grant of incentive shares or before vesting, including but not limited to termination of labor or employment contracts, voluntary resignation, dismissal due to absenteeism, or non-renewal of contracts after their expiration;
- falling under circumstances specified in the PRC Company Law where the person cannot serve as a Director, Supervisor, or members of the senior management of the Company; or
- other circumstances determined by the Company.

If the grantee loses the ability to work, retires, or dies, the restricted stock units shall be disposed of in accordance with the specific provisions of the Employee Incentive Schemes.

Other unspecified circumstances shall be determined by the Company and each employee incentive platform.

Details of the Granted Awards

As of the date of the 2025 Annual Report, details of the granted awards of the Employee Incentive Schemes are as follows:

Name or category of grantee	Date of grant	Vesting schedule defined in contract term[3]	Exercise period	Exercise price per Share (HK$)	Outstanding as at 1 Jan 2025	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 Dec 2025	Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period (HK$)
Zhuhai Huajin[4]										
Directors										
Tang Li	18 November 2020	12 months from date of grant	N/A	0.1	Nil	Nil	Nil	Nil	Nil	N/A
Tang Jin (唐進)[2]	18 November 2020	100% with the achievement of certain performance conditions	N/A	0.2	816,619	Nil	Nil	Nil	816,619	N/A
Zhang Cheng (張成)[2]	18 November 2020	100% with the achievement of certain performance conditions	N/A	0.2	816,619	Nil	Nil	Nil	816,619	N/A
Guan Jin (關津)[3]	1 April 2022	100% with the achievement of certain performance conditions	N/A	5.0	250,036	Nil	Nil	Nil	250,036	N/A
Other grantees in category										
Employee participants[1][2]	1 April 2022	100% with the achievement of certain performance conditions	N/A	0.2	2,649,886	Nil	Nil	Nil	2,649,886	N/A
Zhuhai Huaxin[5]										
Directors										
Tang Li	1 January 2021	12 months from date of grant	N/A	0.1	Nil	Nil	Nil	Nil	Nil	N/A
Guan Jin (關津)	1 August 2023	100% with the achievement of certain performance conditions	N/A	5.0	150,022	Nil	Nil	Nil	150,022	N/A
Other grantees in category										
Employee participants[1]	28 April 2022	100% with the achievement of certain performance conditions	N/A	1.87	1,925,189	Nil	Nil	Nil	1,925,189	N/A
Zhuhai Huarong[6]										
Directors										
Dai Xuefen (戴雪芬)[2]	30 December 2020	100% with the achievement of certain performance conditions	N/A	0.2	150,022	Nil	Nil	Nil	150,022	N/A
Other grantees in category										
Employee participants[1][2]	30 December 2020	100% with the achievement of certain performance conditions	N/A	4.5	2,305,431	Nil	Nil	Nil	2,305,431	N/A

Notes:

(1) Employee participants as defined under the Listing Rules and excluding Directors as disclosed above.

(2) As of January 1, 2025, the unlocking period has begun; however, the unlocking has not yet been requested, and/or the unlocking conditions have not been met.

(3) There is no vesting period of granted awards under the Employee Incentive Schemes unless otherwise determined by the Directors and stated in the offer for the granted awards to a grantee.

(4) There is no expiry date under the Zhuhai Huajin Employee Incentive Scheme.

(5) There is no expiry date under the Zhuhai Huaxin Employee Incentive Scheme.

(6) There is no expiry date under the Zhuhai Huarong Employee Incentive Scheme.

Conflict of Interest

Our Directors believe that, as disclosed in the Prospectus, adequate corporate governance measures are in place to manage potential conflicts of interest between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole. Our Directors believe that, as of the date of the 2025 Annual Report, we have complied with the above corporate governance measures to manage conflicts of interest between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the Listing.

In compliance with the requirements of the Articles of Association, the Listing Rules, and relevant provisions including the Independent Director Work System of Beijing Biostar Pharmaceuticals Co., Ltd. (《北京華昊中天生物醫藥股份有限公司獨立董事工作制度》) and the Management of Connected Transactions of Beijing Biostar Pharmaceuticals Co., Ltd. (《北京華昊中天生物醫藥股份有限公司關聯交易管理辦法》) we have implemented several measures, including but not limited to the following:

(i) Ensuring that independent non-executive Directors have equal access to information as other Directors. For matters requiring board approval, the Company must notify independent non-executive Directors in advance, within the legally required timeframe, and provide sufficient information. If they find the information inadequate, they are entitled to request additional details.

(ii) Requiring prior approval from independent non-executive Directors for significant connected transactions subject to board review. Before making decisions, independent non-executive Directors may engage intermediaries to obtain reports from independent financial advisors to support their evaluations.

(iii) Mandating independent non-executive Directors to provide independent opinions on existing or new loans and other financial transactions involving the Company's shareholders, actual controllers, or related entities, where the amount exceeds RMB3 million or 5% of the Company's most recent audited net asset value. They also evaluate whether effective measures have been implemented to recover any outstanding debts.

(iv) Empowering independent non-executive Directors to express independent opinions on any matters they consider potentially detrimental to the interests of minority shareholders. For significant related-party transactions requiring board review, prior approval from the independent non-executive Directors is required. Before making a judgment, the independent non-executive Directors may engage an intermediary to issue an independent financial advisor report as the basis for their assessment.

As of the date of the 2025 Annual Report, our independent non-executive Directors have granted prior approval for the related party transactions conducted by our Company during the Reporting Period. Our Directors, including all independent non-executive Directors, believe that these related party transactions were conducted on normal commercial terms or better, within the ordinary and usual course of the Group's business, and are fair, reasonable, and in the best interests of both the Company and its Shareholders as a whole.

Furthermore, based on information provided by the Company-including the 2025 Annual Report and related documents- our independent non-executive Directors have completed an annual review of the Company's related party transactions. They are satisfied that the related party transactions in 2025 align with the Company's normal production and operational requirements, that the transaction prices are objective and fair, and that these transactions are fair and reasonable, with n o circumstances that would harm the interests of the Company or minority shareholders.

For details, please refer to the information disclosed in sections headed "CONNECTED TRANSACTION" in the Report of the Directors on page 44 and in note XII to The Consolidated Financial Statements of the 2025 Annual Report.

Except as disclosed in the 2025 Annual Report, our Directors confirm, to the best of their knowledge, information, and belief, that there are no other matters involving conflicts of interest between our Group and our Single Largest Group of Shareholders.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 14,588,000 H Shares with a nominal value of RMB1.00 each at HK$16 per Share, which were listed on the Main Board of the Stock Exchange on the Listing Date. We received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK$195.89 million. There has been no change or delay in the proposed use and expected timetable of the net proceeds disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth the proposed use and the actual use of the net proceeds as at December 31, 2025:

Proposed use	Percentage of total net proceeds	Allocation of net proceeds (HK$ million)	Utilized amount during the year ended December 31, 2025 (HK$ million)	Unutilized amount as of December 31, 2025 (HK$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
(i) To fund our Core Product, Utidelone Injection	44.9%	87.95	5.57	82.39	
For funding the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant in China	9.8%	19.20	1.61	17.59	By mid of 2027
For funding the phase III clinical trials of Utidelone Injection for advanced NSCLC in China	11.8%	23.12	0.64	22.48	By the end of 2027
For funding the phase II (pivotal) clinical trial of Utidelone Injection for lung cancer brain metastasis in China	4.6%	9.01	0.46	8.55	By the end of 2027
For funding the phase II-III international multicenter clinical trial of Utidelone Injection for advanced NSCLC	5.3%	10.38	0	10.38	By the end of 2028
For funding the phase III international multi-center clinical trial of Utidelone Injection for advanced breast cancer	3.5%	6.86	0.15	6.71	By the end of 2028
For funding the phase II (pivotal) study of Utidelone Injection for breast cancer brain metastasis in the United States	9.9%	19.39	2.71	16.68	By the end of 2027

Proposed use	Percentage of total net proceeds	Allocation of net proceeds (HK$ million)	Utilized amount during the year ended December 31, 2025 (HK$ million)	Unutilized amount as of December 31, 2025 (HK$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds
(ii) To fund the ongoing and planned clinical trials and pre-clinical studies of products besides our Core Product and the investigator-initiated trials for our Core Product	38.9%	76.20	4.49	71.71	
For funding the phase II-III MRCT of Utidelone Capsule for advanced gastric and esophageal cancers	35.8%	70.13	0.67	69.46	By mid of 2028
For funding Utidelone Capsule solid tumor and advanced breast cancer pivotal study in China	1.2%	2.35	2.35	0	—
For funding the ongoing and planned pre-clinical studies, such as Utidelone nano-injection, Utidelone ADC, BG22, BG18 and BG44, and investigator-initiated trials for our Core Product	1.9%	3.72	0.89	2.83	By the end of 2026
(iii) To strengthen our domestic commercialization capabilities and construct our global marketing network	3.0%	5.88	0	5.88	By the end of 2026
(iv) To expand our production capacity	3.2%	6.27	0	6.27	By the end of 2026
(v) For working capital and for general corporate purposes	10.0%	19.59	3.14	16.45	By the end of 2027
Total	100.0%	195.89	12.62	183.27	

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2025, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets.

COMPLETION OF THE H SHARES FULL CIRCULATION

The Company received a filing notice (the "**Filing Notice**") issued by the CSRC in respect of the Company's implementation of Full Circulation of H Shares converted from 147,867,143 unlisted Shares in February 2026. The Company has applied to the Stock Exchange for the approval of the listing of and permission to deal in 147,867,143 H Shares converted from 147,867,143 unlisted Shares on the Main Board of the Stock Exchange (the "**Conversion and Listing**"), and the listing approval was granted by the Stock Exchange on 20 March 2026 (the "**Listing Approval**"). For further details, please refer to the Company's announcement dated February 6, 2026 and March 30, 2026.

AUDITOR

As KPMG resigned as the auditor of the Company on April 24, 2025, an extraordinary general meeting of the Company was held on May 23, 2025 to approve the appointment of Daxin Global (HK) CPA Limited as the new auditor of the Company for the financial year 2024.

Since the Company has changed the basis of preparation of its financial statements from HKFRS Accounting Standards to China Accounting Standards for Business Enterprises ("CASBE"), and WUYIGE Certified Public Accountants LLP has stronger expertise and experience in auditing under CASBE, an annual general meeting of the Company was convened on August 25, 2025 to approve the appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the financial year 2025 and the non-reappointment of Daxin Global (HK) CPA Limited as the auditor of the Company for the financial year 2025. The consolidated financial statements for the year ended December 31, 2025 has been audited by WUYIGE Certified Public Accountants LLP.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group is not aware of any material subsequent events that have occurred after the Reporting Period.

On behalf of the Board
Beijing Biostar Pharmaceuticals Co., Ltd.
Dr. Tang Li
Chairperson of the Board, executive Director, chief scientific officer and chief marketing officer

Beijing, the PRC, April 24, 2026

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2025.

VALUES AND CORPORATE CULTURE

The Company has always adhered to the mission of dedicated to the development of novel drugs and benefiting cancer patients, and upholds "innovation, efficiency, cooperation and mutual benefits" as its core values. We are committed to developing into a world-class anti-tumor innovative drug enterprise.

Corporate culture is the solid foundation for the Group's long-term development and good corporate governance. The Company strictly complies with national laws and regulations, continuously improves its governance structure, spares no efforts to improve corporate governance, constantly promotes the corporate culture of integrity and takes high-standard commercial morality as a criterion for operation, so as to continuously create values for shareholders, clients, employees and society.

The Board reviews the strategies and objectives of the Company annually to ensure that they remain consistent with the values and corporate culture and to ensure the long-term sustainability of the Company.

All Directors have taken the lead in practicing the corporate culture, carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and acted in the interests of the Company and its Shareholders at all times.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the basis of the Company's corporate governance practices.

The Directors believe that throughout the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**").

The Board will continue to review and monitor the Company's practices with the aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Company's Shares were listed on the Stock Exchange on the Listing Date, the provisions regarding compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") are only applicable to the Company since the Listing Date.

Following the listing of the H Shares on the Main Board of the Stock Exchange (the "**Listing**"), the Company has adopted a code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities, on terms no less exacting than the required standards set out in the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made to all the Directors and Supervisors and they have confirmed that they have complied with the Model Code throughout the Reporting Period. No incident of non-compliance of the Model Code by the employees was noted by the Company for the Relevant Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board is well-balanced, with each member possessing comprehensive industry knowledge, extensive experience in corporate and strategic planning, and/or professional expertise relevant to the Group's business.

The Board regularly evaluates the contributions made by each director to the Company in fulfilling their responsibilities, as well as whether they have devoted sufficient time to their duties.

Board Composition

The composition of the Board as at the date of this annual report is as follows:

Executive Directors

Dr. Tang Li (唐莉) *(Chairperson of the Board, executive Director, chief scientific officer and chief marketing officer)*
Dr. Qiu Rongguo (邱榮國)
Mr. Zhang Cheng (張成)
Dr. Guan Jin (關津)

Non-executive Directors

Mr. Tang Jin (唐進)
Ms. Dai Xuefen (戴雪芬) *(appointed on May 23, 2025)*

Independent Non-executive Directors

Dr. Meng Songdong (孟頌東)
Mr. Shiu Shu Ming (蕭恕明) *(appointed on May 23, 2025)*
Dr. Ye Chengang (葉陳剛) *(appointed on May 23, 2025)*

The biographical information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management — Directors" of this annual report.

Dr. Tang Li (唐莉) and Dr. Qiu Rongguo (邱榮國) are spouses, and Mr. Tang Jin and Dr. Tang Li (唐莉) are siblings.

Board Meetings, General Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year.

During the year of 2025, a total of seven Board meetings and two general meetings were held, with attendance details set out in the table below.

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
Executive Directors		
Dr. Tang Li(唐莉)	7/7	2/2
Dr. Qiu Rongguo(邱榮國)	7/7	2/2
Mr. Zhang Cheng (張成)	7/7	2/2
Dr. Guan Jin (關津)	7/7	2/2
Non-executive Directors		
Mr. Tang Jin (唐進)	7/7	2/2
Mr. Zhu Pai (朱湃) *(resigned on May 23, 2025)*	2/7	1/2
Ms. Dai Xuefen (戴雪芬) (appointed on May 23, 2025)	5/7	1/2
Independent Non-executive Directors		
Dr. Meng Songdong (孟頌東)	7/7	2/2
Mr. Ran Dong (冉棟) *(resigned on April 10, 2025)*	1/7	0/2
Ms. Qi Jingyao (漆靜瑤) *(resigned on March 26, 2025)*	0/7	0/2
Mr. Shiu Shu Ming (蕭恕明) *(appointed on May 23, 2025)*	5/7	1/2
Dr. Ye Chengang (葉陳剛) *(appointed on May 23, 2025)*	5/7	1/2

Notes: Ms. Qi Jingyao and Mr. Ran Dong resigned as independent non-executive Directors on March 26, 2025 and April 10, 2025, respectively. The Company convened an extraordinary general meeting on May 23, 2025 to consider and approve the "Resolution on the Consideration and Approval of the Proposed By-election of Independent Non-executive Directors", at which, Mr. Shiu Shu Ming and Dr. Ye Chengang were by-elected as independent non-executive Directors.

The Company held an extraordinary general meeting on May 23, 2025 to consider and approve the "Resolution on the Consideration and Approval of the Proposed By-election of Non-executive Director", at which, Ms. Dai Xuefen was by-elected as a non-executive Director. Mr. Zhu Pai resigned as a non-executive Director of the Company on May 23, 2025.

Code provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The chairman of the Board has held one meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

Chairman and Chief Executive Officer

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

Dr. Tang Li has been serving as the chairperson of the Board and Dr. Qiu Rongguo has been serving as the chief executive officer.

Independence of Independent Non-executive Directors

During the period from the Listing Date to the date of this annual report, the Board met the requirements of Rules 3.10(1), 3.10(2) and 3.10A 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 at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

As the Company was listed on the Stock Exchange on October 31, 2024, the Board will conduct an annual review of the implementation and effectiveness of the Board Independence Evaluation mechanism before October 31, 2026.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that any Directors so appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances.

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

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

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

Continuous Professional Development of Directors

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

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organized training sessions conducted by the qualified professionals for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors during the Reporting Period are as follows:

Program	Topic 1: duties of the Board and directors (hours)	Topic 2: Listing Rules and Hong Kong law compliance (hours)	Topic 3: corporate governance and ESG (hours)	Topic 4: risk management and internal controls (hours)	Topic 5: industry and business updates (hours)	Total (hours)
Tang Li (唐莉)	4	6	4	4	6	24
Qiu Rongguo (邱榮國)	6	6	4	3	5	24
Zhang Cheng (張成)	4	6	5	5	5	25
Guan Jin (關津)	5	5	6	5	4	25
Tang Jin (唐進)	4	6	5	5	5	25
Dai Xuefen (戴雪芬)	5	6	6	6	4	27
Meng Songdong (孟頌東)	5	6	5	6	5	27
Shiu Shu Ming (蕭恕明)	5	10	3	2	6	26
Ye Chengang (葉陳剛)	5	5	5	5	5	25

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy Committee. These Board committees should report back to the Board on their decisions or recommendations. To provide independent views and input to the Board, the Board has adopted following arrangements: (i) each committee or committee member is authorised to hire external consultants or experts for independent professional advice at the Company's expense to discharge their responsibilities; and (ii) most of the committee members in Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. The Board is responsible for reviewing the implementation of such arrangements on an annual basis.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee include, but are not limited to, (i) supervising and evaluating the external auditor; (ii) guiding and supervising the internal auditor and communicating between the internal audit and the external audit; and (iii) reviewing and monitoring the operation of our financial reporting system, internal control system and risk management system. The Audit Committee comprises three independent non-executive Directors, namely Mr. Shiu Shu Ming, Dr. Meng Songdong and Mr. Tang Jin. Mr. Shiu Shu Ming is the chairperson of the Audit Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the year of 2025, the attendance records of the Audit Committee members at the meetings of the Company's Audit Committee during their respective terms of office are set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Dr. Meng Songdong (孟頌東)	5/5
Mr. Ran Dong (冉棟) (resigned on April 10, 2025)	1/5
Ms. Qi Jingyao (漆靜瑤) (resigned on March 26, 2025)	0/5
Mr. Shiu Shu Ming (蕭恕明) (appointed on May 23, 2025)	3/5
Mr. Tang Jin (唐進) (appointed on April 3, 2025)	4/5

Nomination Committee

We have established a Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee include but are not limited to, (i) reviewing the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; and (iii) making recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Meng Songdong, Mr. Shiu Shu Ming and Dr. Tang Li. Dr. Meng Songdong is the chairperson of the Nomination Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the year of 2025, the attendance records of the Nomination Committee members at the meetings of the Company's Nomination Committee during their respective terms of office are set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Dr. Tang Li (唐莉)	4/4
Dr. Meng Songdong (孟頌東)	4/4
Mr. Ran Dong (冉棟) (resigned on April 10, 2025)	1/4
Mr. Shiu Shu Ming (蕭恕明) (appointed on May 23, 2025)	2/4

Remuneration and Assessment Committee

We have established a Remuneration and Assessment Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Assessment Committee include but are not limited to, (i) establishing, reviewing and providing advices to the Board on our policy and structure concerning remuneration of our Directors and senior management; (ii) determining the terms of the specific remuneration package of each executive Director and senior management; and (iii) establishing and reviewing performance-based remuneration by reference to the remuneration level of other relevant enterprises and relevant positions. The Remuneration and Assessment Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Ye Chengang, Dr. Meng Songdong and Dr. Qiu Rongguo. Dr. Ye Chengang is the chairperson of the Remuneration and Assessment Committee.

During the year of 2025, the attendance records of the Remuneration and Assessment Committee members at the meetings of the Company's Remuneration and Assessment Committee during their respective terms of office are set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Dr. Qiu Rongguo (邱榮國)	1/1
Dr. Meng Songdong (孟頌東)	1/1
Ms. Qi Jingyao (漆靜瑤) (resigned on March 26, 2025)	0/1
Dr. Ye Chengang (葉陳剛) (appointed on May 23, 2025)	1/1

Strategy Committee

We have established a Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to (i) reviewing and commenting on the long-term development and strategy planning of our Company and advising the Board on related matters; (ii) reviewing and commenting on the operational, investment, financing and R&D plans and advising the Board on related matters; and (iii) supervising the implementation of the plans and the corporate government matters and advising the Board. The Strategy Committee comprises three executive Directors, namely Dr. Tang Li, Dr. Qiu Rongguo and Dr. Guan Jin. Dr. Tang Li is the chairperson of the Strategy Committee.

During the year of 2025, the attendance records of the Strategy Committee members at the meetings of the Company's Strategy Committee during their respective terms of office are set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Dr. Tang Li (唐莉)	1/1
Dr. Qiu Rongguo (邱榮國)	1/1
Dr. Guan Jin (關津)	1/1

Nomination Policy

The Board has adopted the nomination policy (the "**Nomination Policy**"), the details of which is summarised below.

Selection Criteria

In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity. The Nomination Committee and the Board shall consider the following selection criteria, which are not meant to be exhaustive:

- the candidate's personal ethics, reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experience that are relevant to the operations of the Group;
- the diversity perspectives set out in the Board Diversity Policy of the Company (as amended from time to time);

- the candidate's availability including time commitment to discharge his or her responsibility as a Director, including being able to devote sufficient time to attend Board meetings, participate in induction, trainings and other Board and Company associated activities (In the case of a candidate who will be nominated as an independent non-executive Director will be holding his or her seventh (or more) listed company directorship, the Nomination Committee should consider the reasons given by the candidate for being able to devote sufficient time to discharge his or her responsibility as an independent non-executive Director);

- the candidate for the position of an independent non-executive Director must comply with the independence criteria as prescribed under the Listing Rules (as amended from time to time);

- the current size and composition of the Board, the needs of the Board and the respective committees of the Company;

- the succession planning of members of the Board to ensure the leadership continuity and smooth functioning of the Group; and

- any other factors that the Nomination Committee and/or the Board may consider appropriate.

The Nomination Committee and the Board shall ensure that the composition of the Board is in conformity with the PRC laws, the Listing Rules and all other applicable laws and regulations.

Nomination Procedures

The recruitment, identification, evaluation, recommendation, nomination, selection and new appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria as set out in this Nomination Policy.

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee shall engage with relevant departments within the Company to assess the need for new directors, documenting this assessment in writing;

- the Nomination Committee shall identify candidates to the Board through the Company's internal departments, its subsidiaries, and the talent market, and submit these candidates to the Committee;

- prior to decision-making, the Nomination Committee shall gather written information on candidates' qualifications, academic background, titles, detailed work experience, and other current roles;

- the Nomination Committee must obtain consent from the nominated individuals before listing them as proposed candidates to the Board;

- the Nomination Committee shall convene a meeting to review the qualifications of preliminary candidates based on the selection criteria set out above;

- one to two months prior to the election of new directors, the Nomination Committee shall submit candidate recommendations and relevant materials to the Board for consideration.

In the context of re-appointment of any existing member of the Board, the Nomination Committee shall submit recommendations to the Board for its consideration and propose that the candidates stand for re-election at a general meeting.

For each proposed new appointment or re-appointment of a Director, the Nomination Committee shall obtain all applicable declarations and undertakings as required under the PRC laws and the Listing Rules (as amended from time to time).

In the case of a nomination for the position of an independent non executive Director, the Nomination Committee shall ensure that the concerned candidate meets the independence criteria as prescribed under the Listing Rules.

The Board shall have the final decision on all matters related to the recommendation of candidates to stand for election at a general meeting.

The ultimate responsibility for the selection and appointment of Directors rests with the entire Board.

Reviewing and Monitoring

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure the effectiveness and compliance with the regulatory requirements at the relevant time and good corporate governance practices.

The Nomination Committee shall, when necessary, recommend revisions to the Nomination Policy to the Board for its consideration and approval.

Board Diversity Policy

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, our Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of our Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as biology, medicine and finance. They obtained degrees in various areas including molecular immunology, clinical medicine, bioscience and economics. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises 2 female Director and 7 male Directors, ranging from 42 years old to 70 years old. As of December 31, 2025, the Group had a total of 134 employees, comprising 77 female employees and 57 male employees.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

The Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in our annual corporate governance report.

Corporate Governance Function

The Audit Committee is responsible for performing the functions set out in Code Provision A.2.1 of the Corporate Governance Code.

During the Reporting Period, the Audit Committee has determined, developed, and reviewed the Company's policy and practices on corporate governance and made recommendations to the Board. It has reviewed and monitored the training and continuous professional development of Directors and senior management and the Company's policy and practices regarding compliance with legal and regulatory requirements. In addition, it has formulated, reviewed and monitored adherence to the Model Code and Employees Written Guidelines, and reviewed the Company's compliance with the Corporate Governance Code and the disclosures contained in this Corporate Governance Report.

Risk Management and Internal Control

The Company's auditor, WUYIGE Certified Public Accountants LLP expressed the Qualified Opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. For details, please refer to the "Management Discussion and Analysis" section in this annual report.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

1. The Company's internal audit function carry out regular risk assessment to ensure that the risks faced by the Company are effectively identified, and fully communicated with the management to formulate the risk preference and risk response strategy.

2. The Company has developed a clear organizational structure, clarified the authority and responsibility of the departments, and developed a system and operating rules covering various key business processes.

3. The Company attaches great importance to cultivating the risk management awareness and risk management culture of employees at all levels, and provides related training for employees to ensure that employees fully understand the requirements of risk management in daily operation.

The Company has established an internal audit function conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The Board, as supported by the Audit Committee as well as the internal audit function and the external professional firm, conducted an annual review of the risk management and internal control during the Reporting Period and concluded that there had been no other deficiency in material risk control nor any other weakness in material risk control based on the outcome of the risk management and internal control work implemented by the Group as of December 31, 2025. The Board was of the view that the risk management and internal control system of the Group is effective and sufficient.

The Company has engaged external professional firm for the internal audit function and independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to all material controls and provided its findings and recommendations for improvement to the Audit Committee.

Whistleblowing Policy

The Company has established the whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

Anti-Corruption Policy

The Company has also established the anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports according to the procedures as set out in the Whistleblowing Policy.

Disclosure of Inside Information Policy

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2025 with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the China Accounting Standards for Business Enterprises. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

Insurance cover for Legal Actions against Directors

The Company has arranged appropriate liability insurance cover for legal actions against Directors, in compliance with Code Provision C.1.8 of the CG Code. This insurance provides additional protection and assurance for Directors in the execution of their duties.

Auditors' Remuneration

An annual general meeting of the Company was convened on August 25, 2025 to approve the appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the financial year 2025 and the non-reappointment of Daxin Global (HK) CPA Limited as the auditor the financial year 2025. No non-audit service fees were incurred for the newly appointed external auditor, WUYIGE Certified Public Accountants LLP, with audit service fees amounting to RMB1,500,000.

Joint Company Secretaries

Mr. Liu Kailin and Mr. Chan Yik Pun are our joint company secretaries. For biographical details of our joint company secretaries, please refer to the section headed "Biographies of our Directors, Supervisors and Senior Management" in this report. Mr. Liu Kailin and Mr. Chan Yik Pun have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

Convening of Extraordinary General Meetings by Shareholders

Pursuant to Article 51 of the Articles of Association, the Shareholders individually or jointly holding more than 10% (including 10%) of total Shares with voting rights of the Company have the right to propose an extraordinary general meeting to the Board, the Board shall provide written feedback on whether to convene the meeting. In the case of disapproval, or no written reply of the Board is given within 10 days, the foregoing Shareholders may submit a written request to the Supervisory Board to convene an extraordinary general meeting. If the Supervisory Board fails to issue a notice of general meeting within 5 days, the Shareholders individually or jointly holding more than 10% of Shares with voting rights of the Company for 90 consecutive days or above may convene and preside over the meeting on its/their own.

Putting Forward Proposals at General Meetings

Pursuant to Article 56 of the Articles of Association, when the Company convenes a general meeting, the Shareholders holding, individually or jointly, more than 1% of the Company's Shares may make provisional proposals in writing to the convener 10 days prior to the general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such provisional proposals within two days after receipt thereof.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, the Directors, Supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the general meeting.

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (https://www.biostar-pharm.com), where relevant latest information, the up-to-date status of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

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

Contact Details

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

Address: 1202B, 12th Floor, Building 3, No. 22, Ronghua Middle Road, Beijing Economic-Technological Development Area, Beijing, PRC
Fax: +86-10-67864938
Email: ir@biostar-pharma.com
Website of the Company (https://www.biostar-pharm.com/)

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

Changes in Constitutional Documents

The Articles of Association of the Company were amended as follows in 2025:

Original Articles of Association	Amended Articles of Association
Article 5 Domicile of the Company: Room 310, 3/F, Building 3 No. 88 Courtyard, Kechuang Sixth Street, Beijing Economic-Technological Development Area, Beijing	**Article 5** Domicile of the Company: 1202B, 12/F, Building 3 No. 22 Ronghua Middle Road (Street/Road), Beijing Economic-Technological Development Area, Beijing
Article 16 The Shares of the Company shall be issued following the principles of open, fairness and justice, and each share in the same class shall have the same rights.	**Article 16** The Shares of the Company shall be issued following the principles of open, fairness and justice, and each share in the same class shall have the same rights.
Shares issued at the same time and within the same class must be issued on the same conditions and at the same price, and the same price shall be paid for each share subscribed for by any entity or individual.	Shares issued at the same time and within the same class must be issued on the same conditions and at the same price, and the same price shall be paid for each share subscribed for by any entity or individual.
The unlisted domestic shares issued by the Company shall rank pari passu with the overseas listed shares in respect of any distribution by way of dividend (including distributions in cash and in specie) or otherwise. No powers shall be exercised to freeze or otherwise prejudice any of the rights attaching to any share by reason only that any person who is interested directly or indirectly therein has failed to disclose his/her interests to the Company. After being filed with the securities regulatory authority of the State Council and approved by the Hong Kong Stock Exchange, all or part of the Company's unlisted domestic shares may be converted into overseas listed shares, and the overseas listed shares so converted may be listed and traded on an overseas stock exchange. The listing and trading of such converted shares on the overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock market.	The unlisted domestic shares issued by the Company shall rank pari passu with the overseas listed shares in respect of any distribution by way of dividend (including distributions in cash and in specie) or otherwise. No powers shall be exercised to freeze or otherwise prejudice any of the rights attaching to any share by reason only that any person who is interested directly or indirectly therein has failed to disclose his/her interests to the Company. After being filed with the securities regulatory authority of the State Council and approved by the Hong Kong Stock Exchange, all or part of the Company's unlisted domestic shares may be converted into overseas listed shares, and the overseas listed shares so converted may be listed and traded on an overseas stock exchange. The listing and trading of such converted shares on the overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock market. **The conversion of unlisted shares into overseas listed shares and their listing and trading on overseas stock exchanges does not require a shareholders' general meeting and shall be voted on by the Board of Directors.**

Other contents of the Articles of Association remain unchanged. For details of the amendments to the Articles of Association, please refer to the announcement of the Company dated May 23, 2025.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Environmental, Social, and Governance Report

This Report is the second Environmental, Social and Governance ("**ESG**") report issued by Beijing Biostar Pharmaceuticals Co., Ltd. (the "**Company**" or "**Beijing Biostar Pharmaceuticals**", together with its subsidiaries, collectively referred to as the "**Group**" or "**we**"), aiming to report on the Group's management approach and performance in relation to ESG matters for the year 2025 to our stakeholders.

CORPORATE PHILOSOPHY

Beijing Biostar Pharmaceuticals is a Chinese company principally engaged in the research and development (R&D), manufacturing and sales of innovative pharmaceuticals. The Company's products and pipelines mainly include Utidelone Injection, Utidelone Capsule, Utidelone Nanoformulation, Utidelone Antibody Drug Conjugate (ADC), BG22, BG18, and BG44. The Company's products are mainly used for the treatment of relapsed or metastatic breast cancer, neoadjuvant therapy for human epidermal growth factor receptor-2 (HER2)- breast cancer, brain tumours such as advanced non-small cell lung cancer (NSCLC), solid tumours, breast cancer brain metastases, lung cancer brain metastases and other brain tumour indications. The Company mainly conducts business in the domestic market.

REPORTING GUIDELINES AND PRINCIPLES

Based on the reporting principles of "materiality", "quantification", "balance", and "consistency", this Report has been prepared in accordance with Appendix C2, Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules of the Stock Exchange of Hong Kong, in light of the actual circumstances of the Group. All disclosed content and data are derived from the Group's internal records and documents.

REPORTING SCOPE AND REPORTING PERIOD

The environmental and social disclosures in this report include the locations of the Group's principal operating entity in the PRC, namely the office in Beijing and the production base in Chengdu. This report covers the period from January 1 to December 31, 2025, which is consistent with the financial year covered by this annual report.

FEEDBACK

The Group remains committed to improving its ESG disclosure and welcomes your feedback and suggestions on this report or our performance in sustainable development by email to jubao@biostar-pharma.com.

SUSTAINABILITY GOVERNANCE

Board Statement

The Group upholds the concept of responsible corporate citizenship. As a Chinese company primarily engaged in the R&D, production and sales of innovative drugs, the Group is committed to integrating the concept of sustainable development into its core operations and corporate culture. Through a sound governance structure, the Group integrates ESG-related functions into its strategic planning, risk management and daily business operations, thereby fulfilling its corporate social responsibility commitments. Environmental and social factors have been incorporated into the Group's corporate decision-making processes, covering research and development, innovation, manufacturing and product promotion. The Group also actively promotes green research and development and high-quality manufacturing management, and strives to reduce its environmental footprint. At the same time, by maintaining close communication with employees, medical professionals, regulatory authorities and the wider community, the Group values stakeholders' views, supports the professional development of employees, and actively participates in public health and social welfare initiatives, continuing to contribute to the achievement of the sustainable development goals.

Oversight of ESG and Climate Risks by the Board

The Board of the Group bears the ultimate responsibility for the management of ESG and climate-related risks and plays a key leadership role in the Company's overall corporate governance structure. The Board is responsible for formulating sustainable development strategies to ensure that ESG and climate-related factors are fully integrated into the Group's business strategy, governance structure and operational decision-making processes. As a Chinese company principally engaged in the R&D, production and sales of innovative drugs, the Board has a deep understanding of the close relationship between corporate operations and social health, environmental protection and regulatory compliance, and is committed to promoting responsibility-oriented and long-term sustainable development.

At the strategic and governance level, the Board is responsible for reviewing and approving ESG policies covering important areas such as low-carbon transformation, green research and development, energy management, occupational health and safety, corporate ethics and drug safety management, to ensure that relevant policies are aligned with the Company's long-term development and public health objectives. The Board also supervises management in integrating ESG considerations into daily operations and corporate culture, thereby promoting the parallel development of innovation and sustainable value.

In terms of risk management, the Board conducts corporate-level ESG and climate risk assessments at least once a year to identify and monitor potential environmental, social and compliance risks, including risks related to energy use and emissions management, supply chain carbon footprint, experimental waste disposal, and occupational safety in pharmaceutical research and development and production processes. Relevant risks, together with traditional business risks, are incorporated into the Group's overall risk management framework to ensure the continued effectiveness of risk identification, response and oversight.

In terms of performance monitoring, the Board is responsible for approving ESG targets and key performance indicators ("**KPIs**"), and regularly reviewing implementation results to ensure that the Group's progress in energy conservation and emission reduction, green manufacturing, compliant operations and social responsibility is aligned with its strategic direction. The Board continuously improves relevant policies and measures by reviewing management reports and external consultants' opinions, thereby promoting continuous improvement.

In addition, the Board closely integrates ESG risk management with financial planning to assess the impacts of climate change, environmental protection policies and regulatory updates on the Company's cost structure, capital investment and supply chain stability, thereby enhancing the Company's resilience and sustainable competitiveness in the market. The Board also continues to oversee the operation of the Company's compliance framework to ensure adherence to local and international standards and regulatory requirements, and to promote the effective implementation and monitoring of ESG policies (including carbon reduction, energy efficiency, green procurement and biosafety management), further solidifying the Group's foundation for sustainable development.

ESG Working Group

An ESG working group has been established to assist the Board in supporting and implementing our sustainability strategies, so as to ensure that ESG policies and objectives are effectively integrated into the Group's daily operations and long-term strategic planning. The ESG working group comprises representatives from key functional departments including R&D, production, operations, Supply Chain Management, quality control, human resources, and finance, to foster cross-departmental collaboration and enhance overall ESG governance efficiency.

The core responsibility of the ESG working group is to execute the ESG strategies formulated by the Board and advance their practical application across our business. As a company dedicated to the R&D, manufacturing and sales of innovative drugs, the working group focuses on embedding sustainability across the processes from drug development, clinical trials, production to the supply chain. This includes promoting green pharmaceutical technologies, implementing resource conservation measures, and strengthening environmentally friendly management to support the industry's transition toward low-carbon, high-efficiency and safe development.

In terms of risk and data management, the ESG working group is responsible for assisting the Board in identifying, assessing and monitoring material ESG and climate-related risks, developing mitigation strategies, and establishing a robust data management and monitoring mechanism, which covers key indicators such as carbon emissions, energy consumption, waste management, water resource management, supply chain sustainability, and environmental impact assessments throughout the drug lifecycle. These efforts ensure that relevant data is quantifiable, verifiable, and traceable, providing a solid foundation for strategic decision-making and performance evaluation.

Furthermore, the ESG working group is tasked with the regular monitoring and reporting of various ESG Key Performance Indicators (KPIs), reviewing progress against established targets, and submitting recommendations for improvement to the Board. The working group is committed to ensuring that ESG risk management operates in tandem with operational risk management, ultimately achieving the objectives of both corporate value creation and sustainable development.

In terms of information disclosure and compliance, the ESG working group leads the preparation of the annual ESG report, ensuring all disclosures comply with the requirements under the Environmental, Social and Governance Reporting Code of The Stock Exchange of Hong Kong Limited to further enhance transparency and accountability. The working group also continuously optimizes internal processes for ESG data collection, auditing and reporting to ensure data accuracy and fulfillment of regulatory expectations.

In addition, the ESG working group actively promotes communication and collaboration with internal staff and external stakeholders, including investors, regulators, healthcare professionals, suppliers and business partners. Ongoing dialogue and feedback mechanisms are implemented by the working group to enable each party's understanding of and engagement in ESG issues, and to drive the continuous refinement of our sustainability strategy, thereby consolidating the Group's position as a responsible innovative pharmaceutical enterprise.

Functional Departments

Functional departments serve as the core execution units within the Group's ESG governance framework. They are responsible for implementing the policies and approaches developed by the Board and the ESG working group in the daily operations, ensuring that sustainability targets are effectively fulfilled. As an enterprise dedicated to the R&D, production and commercialization of innovative drugs, our functional departments collaborate closely to integrate ESG principles across key areas from advancing pharmaceutical innovation, strengthening quality management, optimizing resource utilization to enforcing compliance. This holistic integration aims to achieve a balanced development between medical innovation and environmental responsibility.

For the purpose of policies implementation, each department integrates ESG objectives into their daily workflows and management systems. For instance, our R&D department is dedicated to advancing green research and high-efficiency laboratory management. The Production Department focuses on energy conservation, emissions reduction, chemical safety management, and waste mitigation. Our Procurement and Supply Chain Management Department ensures that raw material sourcing adheres to environmental and social responsibility standards. Meanwhile, the Human Resources Department implements occupational health, safety, and employee training programs to foster talent development and a culture of diversity and inclusion.

In respect of core management, each department is responsible for the coordination and oversight of key material issues, including environmental stewardship, energy and carbon emission control, talent cultivation, supply chain sustainability, and the execution of corporate social responsibility initiatives. ESG performance data is reported among departments on a regular basis and close communication with the ESG working group is maintained to ensure transparent progress against targets, timely risk mitigation, and the effective implementation of improvement measures.

The functional departments also continue to advance ESG risk management, ensuring that sustainable development is complemented to business growth. Throughout the lifecycle of innovative drug development and clinical research, our departments prioritize regulatory compliance by promoting the use of eco-friendly materials and energy-saving technologies to mitigate the environmental footprint of pharmaceutical activities. By leveraging such efforts, our functional departments collectively support the Group in realizing its corporate vision of "Leveraging Innovation for Better Health, Fulfilling Responsibility for Sustainability."

Communication with Stakeholders

The Group attaches paramount importance to stakeholders' view on business operations and ESG issues. Through comprehensive and transparent communication channels, we identify expectations and requirements of stakeholders, and continuously refine our sustainability strategies and initiatives based on their feedbacks. In this way, we can strengthen mutual trust and cooperation to achieve sustainable development goals and create a future of economic growth, environmental friendliness and social advancement.

In developing our business operations and ESG strategies, we take into account the expectations of our stakeholders through a variety of engagement methods and communication channels, as set out in the table below:

Stakeholder Groups	Communication Channels	Issues of Concern
Investors and shareholders	• Annual general meetings • Financial reports • Announcements and circulars • Investor conferences	• Timely announcement of the latest corporate information • Financial performance • Corporate sustainable development
Government and regulatory bodies	• Regular conference • Regular performance report • On-site inspection	• Comply with relevant laws and regulations • Corporate social responsibility
Suppliers	• Supplier management conferences and events • Supplier on-site audit management and payment	• Fair competition • Business ethics and reputation • Win-win cooperation
Employees	• Employee opinion survey • Intranet	• Health and safety • Equal opportunity • Remuneration and benefits • Career development
Customers	• Customer satisfaction survey and feedback form • Customer service center • Customer service manager	• Carry out products and services responsibility • Protect customers' information and privacy
Communities, NGOs and the media	• Public and community events and partnership projects on different topics • ESG reports	• Contribute to the society • Environmental protection • Compliance operation

Materiality Assessment

In order to ensure that this report has fully covered and responded to the major concerns of stakeholders, in addition to regular communication with stakeholders, the Group has also referred to various resources of company internal policies, industry trends and materiality map by Sustainability Accounting Standards Board to identify issues with potential and actual impact to the Group's sustainable development.

The Group has performed materiality assessment on various factors, such as its strategies, development and goals, for environmental, social and governance issues, and graded the environmental, social and governance issues and their respective impact related to the stakeholders.

Significant environmental, social and governance issues were considered to have or may have a significant impact on the following:

- Intellectual property protection;
- Product and service quality; and
- Employees training and development.

ENVIRONMENTAL MANAGEMENT

The Group is committed to promoting a sustainable business model through concrete actions and strictly abides by the environmental laws and regulations where it operates, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Law on the Prevention and Control of Atmospheric Pollution of the PRC (《中華人民共和國大氣污染防治法》), Law on the Prevention and Control of Solid Waste Pollution to the Environment of the PRC (《中華人民共和國固體廢物污染環境防治法》) and Law on Energy Conservation of the PRC (《中華人民共和國節約能源法》). The Group has also developed the Environmental Protection Management System (《環境保護管理制度》) to establish a sound environmental management system to comprehensively cover the Group's environmental protection management work.

Emission Control

Emissions of Air Pollutants

The Group's emissions of nitrogen oxides (NOx), sulfur oxides (SOx) and particulate matter (PM) are mainly generated from the combustion of fuels in factory and vehicle equipment during operations. The Group has implemented proactive measures to reduce emissions of air pollutants, including the adoption of spray absorption purification and activated carbon adsorption treatment systems, the deployment of dedicated personnel to manage and maintain the daily operation of the emission control equipment, and the installation of on-line monitoring equipment for surveillance. During the year ended December 31, 2025, the types and volumes of air pollutants emissions by the Group were shown as follows:

Type of Air Pollutants	**Unit**	**Quantity of Emission in 2025**	Quantity of Emission in 2024
Nitrogen oxides (NOx)	g	**331.22**	1,282.82
Sulfur oxides (SOx)	g	**7.48**	8.42
Particulate matter (PM)	g	**5,941.39**	22,855.36

The Group is committed to reducing air pollutant emissions. It aims to realise the goal of maintaining or reducing the total emissions intensity of air pollutants within the next reporting year based on the 2025 benchmark.

Greenhouse Gas (GHG) Emissions

The Group's direct GHG emissions come from the use of refrigerants in the manufacturing plants, consumption of petrol fuel for vehicles. Indirect GHG emissions come from purchased electricity, and other indirect GHG emissions arise from business travel by employees via air. During the year ended December 31, 2025, the types of direct and indirect GHG emissions and emissions of the Group were as follows:

Major emission types	**Unit**	**Emissions in 2025**	Emissions in 2024
Direct emissions (Scope 1)	tonnes	**93.65**	178.64
Indirect emissions (Scope 2)	tonnes	**1,394.75**	1,706.76
Indirect emissions (Scope 3)	tonnes	**41.21**	N/A
Total GHG emissions	tonnes	**1,529.61**	1,885.40
GHG emission intensity	kg/total production (pieces)	**13.83**	17.44

GHG emissions were calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Our Scope 3 GHG emissions primarily originate from indirect emissions associated with employees' business air travel.

The Group is committed to the reduction of GHG emissions. Through its energy saving policies and green measures, the Group aims to achieve its goal of maintaining or reducing its total GHG emissions intensity in the next reporting year, with 2025 as the base year.

Sewage and Waste

The wastewater generated by the Group is mainly from domestic wastewater generated from production, quality inspection, office and living. During the year, the Group discharged 12,816 cubic metres of wastewater and 4,485 tonnes of steam emissions. In order to ensure that the wastewater meets the discharge standards, we constructed sewage treatment plant, treating the sewage by hydrolysis acidification and secondary biological contact oxidation system, and established the Sewage Treatment Plants Management Procedures (《污水處理站管理規程》) to regulate the management of sewage treatment plants.

Hazardous waste generated by the Group during the production process mainly includes distillation residue and waste organic solvents. During the year ended December 31, 2025, the types and emissions of hazardous waste generated by the Group were as follows:

Type of hazardous wastes	Unit	**Emissions in 2025**	Emissions in 2024
Distillation residue	tonnes	**51.03**	59.04
Resin waste	tonnes	**2.88**	1.69
Waste organic solvent	tonnes	**1.79**	2.25
Test liquid waste	tonnes	**1.40**	0.78
Waste glassware	tonnes	**1.05**	0.50
Culture-medium waste	tonnes	**0.41**	0.35
Waste activated carbon	tonnes	**0.28**	0.05
Wastewater treatment sludge	tonnes	**0.09**	—
Waste reagent	tonnes	**0.03**	0.01
Waste engine oil	tonnes	**0.01**	0.06
Contaminated waste	tonnes	**—**	0.02
Total hazardous waste emissions	tonnes	**58.97**	64.75
Hazardous waste emission intensity	kg/total production (pieces)	**0.53**	0.60

The non-hazardous waste generated from the production and operation of the Group mainly includes office waste, waste cartons, and paper. During the year ended December 31, 2025, the types and emissions of non-hazardous waste generated by the Group were as follows:

Type of non-hazardous wastes	Unit	**Emissions in 2025**	Emissions in 2024
General waste	tonnes	**0.63**	0.90
Waste carton	tonnes	**0.34**	0.22
Plastic waste	tonnes	**0.19**	0.57
Paper	tonnes	**0.09**	0.08
Total non-hazardous waste emissions	tonnes	**1.25**	1.77
Non-hazardous waste emission intensity	kg/total production (pieces)	**0.01**	0.02

The Group continues to regulate the management of waste to ensure efficient and safe disposal of waste. We strictly comply with relevant laws and regulations and have formulated the Waste Disposal Management Procedures《廢物處理管理規程》to regulate the collection, storage, transportation, utilisation and disposal of hazardous and non-hazardous waste. In addition, the Group has strengthened the management of hazardous waste labelling and hazardous waste containers and packaging must be equipped with hazardous waste identification signs.

We seek to control the generation of waste at source through environmental education and publicity, as well as the implementation of measures such as waste separation in various departments. In addition, the Group actively promotes green office practices by centralising the recycling of waste paper and waste packaging boxes, and using online platforms to disseminate information, with an aim to minimise the generation of waste and eliminate unnecessary waste of resources. The Group will adhere to the principles of environmental protection and aims to maintain or reduce the intensity of non-hazardous waste in the next reporting year.

During the year, the Group strictly complied with the laws and regulations and did not record any cases of violation of the laws and regulations relating to emission of exhaust gas and greenhouse gas, discharge of water and land, and generation of hazardous and non-hazardous waste.

Resource Consumption

The Group continued to optimize its energy consumption and management policies. We place emphasis on the management of major energy consuming equipment and standardization of equipment operation processes. Through the formulation of the Environmental Protection Management System, we establish a sound environmental management system to reduce resource consumption and improve energy utilization rate, thus promoting sustainable development of the Group.

Energy Consumption

Energy consumption in the Group's daily operations includes petrol, diesel and purchased electricity. The Group is committed to energy efficiency management. We install and use energy-saving equipment in our daily office work and manufacturing processes, and train employees to develop energy-saving and environmental awareness, fostering a culture of sustainability, such as automatically turning off equipment when not in use. For the year ended December 31, 2025, the Group's energy consumption was as follows:

Type of Energy	Unit	**Consumption in 2025**	Consumption in 2024
Direct energy consumption			
Diesel	kWh	**—**	1,284.40
Natural gas	kWh	**6,190.30**	—
Unleaded petrol	kWh	**4,932.61**	5,549.28
Indirect energy consumption			
Electricity	kWh	**2,628,622.03**	2,992,742.00
Total energy consumption	kWh	**2,639,744.94**	2,999,575.68
Total energy consumption intensity	kWh/total production (item)	**23.87**	27.74

The Group targets to maintain or reduce its total energy consumption intensity in the next reporting year.

Water Resource Management

Under national laws and regulations, the Group protects and reasonably utilizes water resources to ensure a good water control management and continuously improves employees' awareness about water conservation. We save water by recycling concentrated water at pure water stations.

Water Consumption	Unit	**Consumption in 2025**	Consumption in 2024
Total water consumption	m^3	**21,729.99**	16,604.00
Water consumption intensity	m^3/total production (item)	**0.20**	0.31

To enhance water efficiency, the Group implemented a water-saving initiative within its purified water preparation system. In the original system, the first-stage reverse osmosis (RO) unit generates approximately 3 tonnes of wastewater per hour, which was discharged directly. Following the technical retrofitting, an 8 m^3 stainless steel water tank and a centrifugal pump were installed underground at the production plant to collect and reuse the wastewater from this RO stage. The recovered water is now diverted to the cooling tower and the fire water tank replenishment system. In 2025, this measure resulted in a total water saving of approximately 3,375 tonnes, representing approximately 15.5% of the Group's total annual water consumption.

GF water tank

Cooling tower

With the Group adopting water-saving initiative and achieving higher continuous production output, the water consumption intensity of the Group has decreased. The Group targets to maintain or reduce its water consumption intensity in the next reporting year. During the year, the Group did not experience any problems in securing appropriate water sources.

Packaging Material Management

The packaging materials consumed in the operations of the Group mainly include package inserts, bottle labels, cartons, and vials.

Packaging Material	Unit	**Consumption in 2025**	Consumption in 2024
Aluminum-plastic cap	item	**99,009**	58,005
Vial	item	**100,695**	58,558
Bottle label	item	**96,785**	54,977
Carton	item	**92,484**	54,081
Package insert	item	**92,046**	53,211
Rubber stopper	item	**107,610**	64,000
Big box	item	**1,551**	914
Clinical medication carton	item	**16,625**	303
Total packaging material consumption	item	**606,805**	344,049
Packaging material consumption intensity	item/total production (item)	**5.49**	6.49

Ecological Environment Protection

The Group is committed to reducing the impact of business operations on the environment and natural resources by continuously improving the environmental management mechanism, implementing a series of pollution prevention and energy conservation and emission reduction measures to ensure that exhaust gas and wastewater emissions are in compliance with standards, and striving to build a green enterprise. To bolster soil protection, the Group implemented a dedicated Soil Pollution Investigation and Management System. By reinforcing daily monitoring and operational controls, we ensure that soil-related hazards are mitigated at the source, effectively minimizing the risk of accidental environmental contamination.

In the past year, the Group was not aware of any incidents that have caused significant pollution or damage to the nearby air, land, water and ecological environment.

CLIMATE-RELATED DISCLOSURES

The Group is committed to addressing the risks and opportunities arising from climate change and has formulated relevant policies to manage the environmental impacts of its corporate operations.

Climate Framework and Scenario Analysis

The Group actively encourages all departments to strengthen climate resilience and prioritizes the identification of climate change–related risks and opportunities that may impact its operations. The main policies implemented are as follows:

- Risk assessment: Through desk research and preliminary scenario analysis, the Group assesses climate-related risks and potential opportunities under different scenarios.
- Strategic response: The Group analyses the potential impacts of climate change on its business, reviews and optimizes existing strategies, and formulates corresponding plans to mitigate negative impacts while capturing long-term development opportunities.
- Continuous optimization: As the Group's climate-related initiatives continue to advance, relevant management mechanisms are gradually improved to ensure that the climate strategy becomes more systematic and comprehensive.

Climate Framework and Scenario	Paris Agreement Consensus Scenario (below 2°C)	No mitigation scenario (4°C)
Selected Scenario	This scenario assumes that countries undertake significant actions to reduce greenhouse gas emissions , implement climate mitigation measures, and accelerate the transition toward a low-carbon economy, with the aim of limiting the global warming to below 2°C.	This scenario represents a business-as-usual baseline used for risk assessment, which is characterized by high levels of greenhouse gas emissions and limited or no policies or operational measures to reduce emissions, resulting in a continued rise in global temperatures.
Supporting Framework/ Model	International Energy Agency 2°C Scenario (2DS)	Intergovernmental Panel on Climate Change Representative Concentration Pathway 8.5
Assumptions	• Rapid deployment of renewable energy and energy storage technologies. • Shifts in preferences among customers, consumers and investors towards sustainability, including reduced demand for high-emission advertising and related services. • Introduction of carbon taxes and carbon pricing mechanisms. • Phasing out of fossil fuel subsidies	• Renewable energy and energy storage technologies are slow to be deployed, with continued reliance on fossil fuels and traditional power generation. • Global emissions continue to increase, driven by the high carbon intensity of various activities. • Rising global average sea levels, changes in precipitation patterns, and increasing frequency and severity of extreme weather events. • Policy measures to reduce greenhouse gas emissions remain limited, and carbon pricing mechanisms have not been substantially implemented.

Climate-related risks and opportunities

In response to global concern regarding climate change, the Company has incorporated climate-related risks and opportunities into its overall strategic planning in order to enhance the effectiveness of strategic decision-making and be committed to building a long-term and resilient operating model. The table below further elaborates on the ESG-related risks and opportunities faced by the Group.

Risk Type		Potential Financial Impact	Degree of Risk Short Term (0–1 year)	 Medium Term (1–5 years)	 Long Term (5–20 years)	Mitigation Strategy
Transition Risk	Policy and Legal	As China advances its "3060" dual-carbon targets, the pharmaceutical industry may face more stringent carbon disclosure requirements, emission limits and potential carbon taxation. If production facilities (e.g., the Utidelone active pharmaceutical ingredients synthesis workshop) fail to meet the standards, the Group may face fines, operational restrictions or additional capital expenditures for upgrading environmental protection equipment.	Low	Medium	Medium	1. **Compliance management:** Establish a carbon footprint tracking system and monitor greenhouse gas emissions regularly. 2. **Technology upgrades:** Invest in green technologies to reduce solvent usage and waste emissions. 3. **Policy monitoring:** Establish a dedicated team to track the latest regulations issued by national authorities.
	Market/ Reputation	As ESG investment principles become increasingly prevalent, inadequate climate-related disclosures or weak carbon performance may affect the confidence of investment institutions and increase the cost of equity or debt financing. In addition, some hospitals may incorporate suppliers' environmental performance into their procurement considerations.	Low	Medium	Low	1. **ESG disclosure:** Disclose ESG information in accordance with the latest Main Board Listing Rules of the Hong Kong Stock Exchanges and publish ESG reports regularly. 2. **Green certification:** Seek to obtain industry-recognized green factory or environmental certifications to enhance brand image. 3. **Stakeholder communication:** Actively communicate with investors and customers regarding the Group's decarbonization targets and progress.
Physical Risk	Acute	The Company primarily conducts its operations in the domestic market. If extreme weather events such as floods or typhoons occur in regions where the Group's production bases or key raw material suppliers are located, production of core products, such as Utidelone, may be suspended or logistics operations may be disrupted. This could affect the supply of medicines to hospitals and patients and may result in a decline in revenue.	Medium	Medium	Low	1. **Supply chain resilience:** Conduct climate risk assessments of key raw material suppliers and develop alternative suppliers. 2. **Business continuity plan:** Establish contingency plans for extreme weather events, including inventory buffers and safety stock management. 3. **Facility reinforcement:** Conduct flood and typhoon risk assessments for production bases and carry out necessary physical reinforcement measures.
	Chronic	Utidelone injection and biologic products are sensitive to temperature. Rising long-term temperatures may increase energy consumption and costs associated with cold-chain transportation, and may also elevate the risk of product loss due to temperature deviations during transit.	Low	Low	Medium	1. **Logistics optimization:** Collaborate with logistics partners with climate adaptation capabilities and adopt more efficient cold-chain technologies. 2. **Packaging upgrades:** Develop or procure packaging materials with enhanced thermal insulation performance to mitigate risks associated with rising temperatures.

Opportunity Type	Potential Financial Impact	Degree of Opportunity			Implementation Strategy
		Short Term (0–1 year)	Medium Term (1–5 years)	Long Term (5–20 years)	
Resource Efficiency	By improving the energy efficiency of facilities and reducing the consumption of water, electricity and raw materials, the Group can directly lower production costs and enhance gross profit margins.	Medium	Medium	Low	Implement solvent recovery and wastewater recycling programmes to reduce material waste.
Products and Services	As climate change may lead to instability in industry supply chains, ensuring the stable supply of core products can strengthen the trust of hospitals and patients in the Company and reinforce its position in the domestic market.	Low	Medium	Medium	1. **Localized supply chain:** Deploy key supply chain nodes across different regions within the country to diversify regional climate-related risks. 2. **Strategic reserves:** Establish strategic reserves of medicines for key indications to ensure the availability of medicines during disaster periods.

Financial Impact of Climate-related Risks

During the Reporting Period, the Company did not identify any significant financial impact on its financial position, financial performance or cash flows arising from climate-related risks. Nonetheless, the management will continue to assess the potential financial impacts of climate-related risks and opportunities, while also taking into consideration other governance and operational factors related to the Company's transformation plan.

Carbon Offset Strategy

The Group follows the principle of "emission reduction first" and regards carbon offsetting as a supplementary measure on its pathway towards net-zero emissions. We will prioritize the reduction of Scope 3 emissions through supply chain collaboration and technological innovation, and will only address unavoidable residual emissions by purchasing high-quality carbon credits that meet international standards through the Hong Kong Stock Exchange Core Climate platform. In the long term, the Group will increase investment in permanent carbon removal technologies and gradually reduce its reliance on traditional carbon offsetting as emission reduction technologies continue to mature.

EMPLOYEES

We adhere to a talent-first governance philosophy, highly value the commitment of every employee and appreciate their contributions to the sustainable development of the Group. We strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》and other relevant laws and regulations, regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other aspects. In accordance with these laws and regulations, the Group has formulated the Employee Handbook and various personnel management systems and policies to clarify management processes related to recruitment, onboarding, departure, remuneration, attendance, probation, and reward and punishment systems, thereby standardizing and institutionalizing decision-making and further enhancing human resource management. During the year, the Group was not aware of any material breach of human resources related laws and regulations.

Remuneration and Welfare

The Group has a well-established remuneration system that ensures employees are fairly and reasonably remunerated and incentivised. We strictly comply with the relevant national and regional laws and regulations, and pay "Five Social Insurances and One Housing Fund", i.e. pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund, in accordance with law, to ensure that employees enjoy social insurance benefits. For employees with outstanding performance, all rewards are filed with the Human Resources Department and serve as an important criteria for their salary increases, promotions, and advancements. In addition to salary and social security insurance, we also provide paid annual leave, maternity leave, nursing leave, sick leave, personal leave and other leave benefits to enhance the quality of life of our employees and strengthen their sense of belonging.

Equal Opportunities

The Group is committed to providing an equal and inclusive working environment for its employees, ensuring their legitimate rights and interests while guaranteeing orderly production management. We eliminate discrimination based on race, religion, nationality, social status, gender, and other differences in recruitment, remuneration, training and promotion. All our employees are entitled to fair treatment and job opportunities, and we respect their lifestyles, religious beliefs, and freedom of speech. At the same time, we strictly punish all unethical behaviours such as malicious attacks, defamation and slander. If such behaviours are found, the Human Resources Department will take economic or administrative actions according to the specific circumstances, and those involving serious cases will be dismissed.

Employee Composition

Currently, our employees are mainly from Chinese mainland. Details of our employees as of the end of 2025 are set out below:

	2025
Total number of employees	**134**
By gender	
Male	**57**
Female	**77**
By age	
<25 years old	**—**
25–29 years old	**13**
30–39 years old	**62**
40–49 years old	**39**
>50 years old	**20**
By employee category	
Junior employees	**82**
Senior employees	**29**
Management	**23**
By region	
China	**134**

Employee Turnover

Details of the turnover of departed employees are set out below:

	2025	
	Number of turnover	Percentage of the total number of employees
Total turnover	**33**	**25%**
By gender		
Male	**19**	**33%**
Female	**14**	**18%**
By age		
<25 years old	**—**	**—**
25–29 years old	**2**	**15%**
30–39 years old	**16**	**26%**
40–49 years old	**13**	**33%**
>50 years old	**2**	**10%**
By region		
China	**33**	**25%**

Health and Safety

The Group attaches great importance to the health and safety of its employees and is committed to providing a safe, healthy and comfortable working environment for its employees. We have adopted and maintained a series of rules, standard operating procedures, and measures to safeguard the health and safety of our employees. The Group strictly complies with Labour Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and Production Safety Law of the People's Republic of China and other laws and regulations relating to the prevention and control of occupational diseases. During the year, the Group was not aware of any material breach of laws and regulations relating to employee health and safety. The Group has formulated a number of policies and management procedures to safeguard the occupational health and safety of its employees against occupational disease hazards and risks. During the past three years, there was no work-related fatality involved. The number of work injury cases and lost days due to work injury during the past three years was listed below:

Occupational health and safety performance	**2025**	2024	2023
Number of work injury cases	**—**	—	2
Lost days due to work injury	**—**	—	9

Safety Production Management

In order to enhance the safety management of production bases and ensure that the production process fully complies with the requirements of Good Manufacturing Practices, we have formulated safety guidelines that detail potential safety hazards, safe operation procedures, accident prevention, and incident reporting procedures. We also ensure that our employees continuously and appropriately confirm their understanding of safety matters when necessary. We have established a comprehensive production safety responsibility system, clarifying the responsibilities and obligations of various departments and personnel in production safety to strengthen preventive measures. In addition, we regularly provide safety awareness training for our employees, including courses related to occupational health and safety. We also maintain health records for all employees and conduct health checks before and during their employment, especially for those who engaged in work involving occupational hazards.

Fire Safety Management

Fire safety management is one of the important components of the Group's safety work. We strictly comply with the Fire Prevention Law of the People's Republic of China and have formulated the Fire Safety Management System and the Fire Facilities Management System to establish the safety operation rules for fire safety, and to reduce or avoid the safety accidents. The Company has also established a volunteer fire brigade and provides fire safety training to employees to ensure the comprehensive implementation of safety systems. Employees are required to be able to handle emergencies properly and organize rescue effectively in the event of a fire alarm or fire. In addition, we have formulated clear regulations on the configuration, maintenance, upkeep, and management of fire-fighting equipment. The Group's leaders at all levels place high importance on fire safety work and has established a strict fire prevention responsibility system.

Development and Training

Development and training of our employees is the key to our business success. It is also the core driving force behind the Group's enduring vitality. Through a robust training system that comprehensively addresses the diverse skill enhancement needs of our employees, we enhance individual professional skills and expand professional knowledge reserves. This, in turn, cultivates high-quality talents and ensures the continuous growth of employees' professional capabilities.

In order to standardize and enhance our training management work, the Group has formulated the Staff Training Management Policy and established a comprehensive employee education and development management system. We provide employees with various training programs to enhance employees' professional skills and promote their career development. In addition, based on employees' work backgrounds and personal development goals, we have developed personalized career development plans to provide employees with smooth development channels and continuous development space. At the end of each year, department heads will summarize the Group's annual training plan according to the department's business needs and employee development requirements. Details of trainings conducted by the Group during the Year are set out below:

	2025	
	Number of employees trained	% of total number of employees
Total number of employees trained	**133**	**99%**

By gender	Number of employees trained	% of total number of employees
Male	**59**	**44%**
Female	**74**	**56%**

Type of employment	Number of employees trained	% of total number of employees
Junior Staff	**80**	**60%**
Senior Staff	**31**	**23%**
Management	**22**	**17%**

Training hours	2025 Hours
Total hours	**408**
Average training hours completed	
Each employee participated in	**3.04**
By gender	
Male	**5.00**
Female	**1.60**
Type of employment	
Junior Staff	**3.40**
Senior Staff	**3.79**
Management	**0.83**

Labor Standards

The Group strictly complies with laws and regulations regarding labor standards, such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulations on Prohibiting Use of Child Labor (《禁止使用童工規定》), and the Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》). During the recruitment process, we assess the suitability of applicants for the positions they are applying for by means of interviews, background checks, etc., to understand their previous work experiences, life backgrounds, professional knowledge, and comprehensive skills. We firmly prohibit the employment of child labor. If any employee suspects or discovers the existence of child labor or forced labor, he/she should report it to department supervisor or executive directors. During the Year, the Group has not found any significant issues that violate any laws and regulations regarding child labor and forced labor.

Supply Chain Management

By establishing a sustainable supply chain and a set of standardized procurement management processes, the Group has been better positioned to manage the environmental, social and governance risks within the supply chain. We have formulated a series of policies, including the Procedures for Supplier Management (《供應商管理規程》), the Procedures for Supplier Selection Management (《供應商選擇管理規程》) and the Procedures for Materials and Supplies Procurement Management (《物資物料採購管理規程》), which provide detailed guidance for the Group in selecting and evaluating the performance of suppliers. As a result, we are able to select suppliers and business partners with a good business track record and without any material violations of regulations or unethical business practices. During the Year, the Group had a total of 255 suppliers, of which 235 are based in China, 15 are based in Hong Kong and 5 are in other countries.

The Group's procurement is carried out under the principles of compliance with laws and regulations, fairness, impartiality and transparency. We aim to establish long-term mutually beneficial and win-win relationships with suppliers and foster high-quality suppliers to continuously improve the quality of procurement. The Quality Assurance Department conducts strict reviews of suppliers' eligibility for admission. It collects and examines suppliers' business licenses, relevant operation permits, as well as qualification certificates or honors in aspects such as technology, quality and environmental protection, and compiles supplier files. In accordance with the Procedures for Supplier Management (《供應商管理規程》), the Quality Assurance Department conducts an annual quality assessment on suppliers to ensure their stability and reliability.

OUTSTANDING AWARDS

Name	Awarding Organization	Photo
"Most Competitive Innovative Pharmaceutical Listed Company" at the Listed Company Reputation Awards 2025	National Business Daily	
"Outstanding Leader of a Listed Company" at the Listed Company Reputation Awards 2025	National Business Daily	
Top 100 Chinese Pharmaceutical Innovation Enterprises 2025	Healthcare Executive	
Specialized and New Small and Medium-Sized Enterprises of Beijing	Beijing Municipal Bureau of Economy and Information Technology	
2025 Beijing New Technology, New Product and New Service — Formulation Preparation Technology of Utidelone Capsules	Beijing Municipal Science and Technology Commission, Beijing Municipal Commission of Development and Reform, Beijing Municipal Bureau of Economy and Information Technology, Beijing Municipal Commission of Housing and Urban-Rural Development, Beijing Municipal Administration for Market Regulation	
Biomanufacturing Industry Annual Awards 2025	www.vcbeat.top	

ACADEMIC ACHIEVEMENTS

In 2025, multiple research outcomes were presented at global industry conferences and published in prestigious international medical journals, with specific achievements as follows:

JAMA Oncology

The results of the U-BOMB study, a Phase II clinical trial of Utidelone Injection in combination with bevacizumab for HER2-negative metastatic breast cancer with active brain metastases, were published in JAMA Oncology.

2025 American Society of Clinical Oncology (ASCO) Annual Meeting

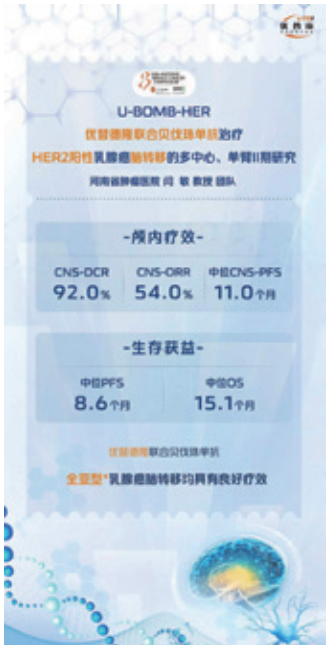
Three of our innovative drug research findings were accepted for poster presentation at the ASCO Annual Meeting. Among these, the study titled “A Phase II Trial of Utidelone Injection plus Etoposide and Bevacizumab for Breast Cancer Brain Metastases in China” was also selected for an oral presentation. The remaining two accepted studies include: a phase I study in the U.S. evaluating Utidelone Capsules as a monotherapy for patients with advanced solid tumors, and a phase II study in China assessing Utidelone Injection in combination with PD-1 inhibitors and chemotherapy for the first-line treatment of advanced gastric and esophageal cancers.

2025 European Society for Medical Oncology (ESMO) Congress

The results of a prospective, single-arm, Phase II study evaluating the efficacy and safety of Utidelone Injection monotherapy in patients with refractory advanced soft tissue sarcoma were accepted for poster presentation at the ESMO conference.

48th San Antonio Breast Cancer Symposium (SABCS) in 2025

The results of a multicenter, single-arm, Phase II study evaluating Utidelone Injection in combination with bevacizumab for HER2-positive breast cancer brain metastases were accepted for poster presentation at the SABCS.



PRODUCT RESPONSIBILITY

Product quality is one of key factors for the sustainable development of an enterprise. The Group strictly complies with relevant laws and regulations such as the Good Supply Practice for Pharmaceutical Products (《藥品經營質量規範》), the Good Manufacturing Practice for Pharmaceutical Products (《藥品生產質量管理規範》), the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), and the Measures for the Reporting and Monitoring of Adverse Drug Reactions (《藥品不良反應報告和監測管理辦法》). In addition, we have formulated a series of internal systems to manage quality risks and ensure product quality. We continuously improve our product quality management system, thereby striving to provide high-quality products to our customers.

Product Quality and Safety

The Group has always been committed to providing customers with healthy and safe products, which is our unremitting pursuit. To ensure the quality of pharmaceuticals, we have formulated internal management documents such as the Production Management Procedures (《生產管理規程》), the Production Test Management Procedures (《生產試驗管理規程》), the Management Procedures for Handling Production Abnormalities and Emergency Situations (《生產異常及緊急情況處理管理規程》), and the Management Procedures for the Release of Intermediate Products and Finished Products (《中間產品、成品放行管理規程》). These documents provide clear guidance for our production process, ensuring that our products always meet the highest quality standards.

There have been no major violations of relevant laws and regulations regarding the quality of the Group's products and services over the past year. We have strictly complied with all regulations and conducted regular internal and external audits to ensure that our operations meet legal and quality standards. Moreover, we have continuously improved and optimized our production processes to further enhance the quality and safety of our products. The Group always gives top priority to the health and safety of our customers and is committed to providing high-quality products and services. We will continue to strive, through continuous innovation and improvement, to meet the needs of our customers and make contributions to the health and well-being of society.

In order to promptly recall products that are known or suspected to have quality issues, the Group has formulated the Disposal Plan for Drug Safety Incidents (《藥品安全事件處置方案》) and the Management Procedures for Significant Product Quality Accidents (《重大產品質量事故管理規程》), with an aim to reduce the potential impact of sold products on customers and properly handle related matters. We have established the Drug Safety Committee and the Drug Safety Leading Group to be responsible for managing and handling drug safety incidents. We classify products into two levels according to the severity of potential safety hazards and harms. Level I refers to major drug safety incidents, and Level II refers to general drug safety incidents. Once pharmaceuticals are confirmed to be recalled upon investigation and evaluation, the recall team will carry out the recall work in accordance with the Procedures for Drug Recall Management (《藥品召回管理規程》) and the Administrative Measures for Drug Recalls (《藥品召回管理辦法》). During the Year, the Group did not record any matters related to the recall of products due to safety and health reasons.

Customer Satisfaction and Privacy Protection

The Group has always attached great importance to and valued customers' feedback and suggestions to ensure accurate judgment and proper handling of customer complaints, thereby promoting the continuous improvement of product quality and the quality management system. Customers are encouraged to express their opinions through various channels. According to the Operating Procedures for Medical Safety Consultation and Complaint Handling, the Group adopts a sound complaint handling mechanism to ensure timely follow-up and resolution of the issues raised by customers. Once we receive a customer complaint, we will respond to the customer immediately, providing preliminary feedback on the acceptance of the complaint, and conduct a detailed assessment of the reasonableness of the complaint. If the complaint is determined to be reasonable, we will promptly launch a comprehensive investigation and decide, as needed, whether to return the product from the customer or initiate a product recall procedure. In addition, we will carefully analyze whether the issues in the complaint stem from internal process or management deficiencies of the Company. After the investigation is completed, we guarantee that we will provide our customers with detailed replies and solutions within several working days. During the Year, the Group did not receive any major complaints related to our products and services.

In its business activities, the Group rarely involves the collection and processing of customers' personal data. We are fully aware of the importance of protecting corporate assets and customers' interests. Therefore, only authorized employees are permitted to access the customer information system and the employee personal information system, and any act of misusing personal information or making illegal profits is strictly prohibited. We will continue to strengthen data protection measures to ensure the security and confidentiality of customers' information.

Intellectual Property Rights

Intellectual property is a critical safeguard for the innovative development of enterprises. We place great emphasis on the protection and management of intellectual property, achieving significant results. In 2025, the Group was granted 4 new PCT patent in regions including the United States, Europe, South Korea, and Canada. Furthermore, we have proactively expanded our patent portfolio by filing new applications, covering ADCs of Utidelone or its derivatives, Utidelone cyclodextrin inclusion complexes, and the use of Utidelone for various solid tumor indications. Additionally, the PCT patent application for albumin-bound Utidelone nanoparticles has officially entered its national phase in China.

In accordance with laws and regulations such as the PRC Patent Law (《中華人民共和國專利法》), the Group has established a sound intellectual property management system and formulated the Intangible Asset Management System to ensure that all management work is carried out in an orderly manner and to prevent any acts of trademark infringement.

In addition, the Group requires all employees to take necessary measures to protect existing trademark rights and encourages employees to report any suspected violations through the reporting channels to ensure that the internal norms and codes of the Company are strictly adhered to.

ANTI-CORRUPTION

The Group upholds the ethical standards of integrity and compliance with laws in business, and is committed to creating a clean and honest business environment. We strictly abide by relevant laws and regulations in China that prevent bribery, extortion, fraud, and money laundering including the Criminal Law of the PRC (《中華人民共和國刑法》). The Group has established the Anti-commercial Bribery System (《反商業賄賂制度》), the Anti-fraud System (《反舞弊制度》), and the Anti-money Laundering, Anti-terrorist Financing and OFAC Management System (《反洗錢、反恐怖融資及OFAC管理制度》) to construct an integrity mechanism that conforms to business ethical norms and complies with the laws and regulations in China.

We require all personnel in positions such as procurement and marketing to sign the Anti-commercial Bribery Undertaking Letter (《反商業賄賂承諾書》) with the Company. At the same time, when conducting business cooperation with major customers, suppliers, service providers, and contractors, the Company will, if necessary (depending on the negotiation), sign a Sunshine Agreement on anti-commercial bribery with them.

During the Year, the Group was not aware of any major matters that violate the laws and regulations related to the prevention of bribery, extortion, fraud, and money laundering. There were also no concluded legal cases of corruption filed against the Group or its employees during the Year.

Whistle-blowing Procedures

When employees, customers, suppliers or other third parties are involved in or witness any form of improper behavior, fraud or non-compliance, they can use the reporting hotline or email box and other channels established by us to file a report, so as to prevent the occurrence of bribery, extortion, fraud and money laundering. Once any report on fraud, corruption and non-compliance is received by the Group, it will be immediately handled by the internal audit department. We promise to handle each report in a confidential and prudent manner, and strictly keep the identities of the whistleblowers and relevant third parties confidential.

Anti-corruption Training

In order to create a cultural environment of integrity and self-discipline, we provide anti-corruption training for all newly hired employees, enabling them to become familiar with their respective roles and responsibilities in terms of anti-corruption and business ethics, and ensuring that they comply with applicable laws and regulations.

COMMUNITY INVESTMENT

We have always been committed to community investment, as we firmly believe that the success of an enterprise is not only reflected in its business achievements but also in its positive impact on society. Through activities such as voluntary blood donations by our employees and visits to welfare institutions, we contribute to the sustainable development of the community. We believe that only when the community thrives can an enterprise achieve long-term development. We will continuously strengthen our cooperation with the community and jointly create a better future.

General disclosure and key performance indicator in the index of environmental, social and governance reporting guide of the stock exchange:

Item	Description	Reference Section
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Guidelines and Principles, Communication with Stakeholders, Materiality Assessment
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope and Reporting Period

Item		Description	Reference Section
A. Environmental			
A.1: Emissions			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
Key performance indicator (KPI)	A1.1	The types of emissions and respective emissions data.	Emissions of Air
	A1.3	Total hazardous waste produced and intensity.	Sewage and Waste
	A1.4	Total non-hazardous waste produced and intensity.	Sewage and Waste
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions of Air Pollutants, Greenhouse Gas (GHG) Emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	Sewage and Waste
A2: Use of Resources			
General disclosure		Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Consumption
Key performance indicator (KPI)	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Consumption
	A2.2	Water consumption in total and intensity.	Water Resource Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resource Management
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Packaging Material Management
A3: The Environment and Natural Resources			
General disclosure		Policies on minimizing the issuer's significant impact on the environment and natural resources.	Ecological Environment Protection
Key performance indicator (KPI)	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecological Environment Protection

Item		Description	Reference Section
B. Social			
B1: Employment			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees
Key performance indicator (KPI)	B1.1	Total employees by gender, employment type, age group and geographical region.	Employee Composition
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Turnover
B2: Health and Safety General disclosure			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Key performance indicator (KPI)	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	B2.2	Lost days due to work injury.	Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
B3: Development and Training			
General disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Key performance indicator (KPI)	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4: Labor Standards			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards
Key performance indicator (KPI)	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards

Item		Description	Reference Section
B5: Supply Chain Management			
General disclosure		Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Key performance indicator (KPI)	B5.1	Number of suppliers by geographical region.	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6: Product Responsibility			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
Key performance indicator (KPI)	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality and Safety
	B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction and Privacy Protection
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Satisfaction and Privacy Protection

Item		Description	Reference Section
B7: Anti-corruption			
General disclosure		Information on: (A) the policies; and (B) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Key performance indicator (KPI)	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption Training
B8: Social Responsibility			
General disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
Key performance indicator (KPI)	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Item	Description	Reference Section
D. Climate-related Disclosures		
(I) Governance		
19	An issuer shall disclose information about:	
	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
	(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
	(ii) how and how often the body(s) or individual(s) is informed about climate related risks and opportunities;	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
	(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
	(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Board Statement, Oversight of ESG and Climate Risks by the Board, ESG Working Group, Functional Departments

Item		Description	Reference Section
(II) Strategy			
Climate-related risks and opportunities	20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
		(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Climate-related Risks and Opportunities
		(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Climate-related Risks and Opportunities
		(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Climate-related Risks and Opportunities
		(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Climate-related Risks and Opportunities
Business model and value chain	21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
		(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	Climate-related Risks and Opportunities
		(b) a description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated.	Climate-related Risks and Opportunities

Item		Description	Reference Section
Strategy and decision-making	22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
		(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(iv) how the issuer plans to achieve any climate-related targets (including any GHG emissions targets (if any)); and	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(b) information about how the issuer is resourcing, and plans to resource the activities.	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods.	Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
Financial position, financial performance and cash flows-Current financial effect	24	An issuer shall disclose qualitative and quantitative information about:	
		(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Financial Effect of Climate-related Risks
		(b) the climate-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Financial Effect of Climate-related Risks

Item		Description	Reference Section
Financial position, financial performance and cash flows-Anticipated financial effect	25	The issuer shall provide qualitative and quantitative disclosures about:	
		(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Financial Effect of Climate-related Risks
		(i) its investment and disposal plans; and	Financial Effect of Climate-related Risks
		(ii) its planned sources of funding to implement its strategy; and	Financial Effect of Climate-related Risks
		(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Financial Effect of Climate-related Risks
Climate resilience		An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
		(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
		(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks

Item	Description	Reference Section
	(b) how and when the climate-related scenario analysis was carried out, including:	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(i) information about the inputs used, including:	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(2) whether the analysis included a diverse range of climate-related scenarios;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(6) time horizons the issuer used in the analysis; and	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
	(ii) the key assumptions the issuer made in the analysis; and	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks

Item		Description	Reference Section
		(iii) the reporting period in which the climate-related scenario analysis was carried out.	Climate Framework and Scenario Analysis, Climate-related Risks and Opportunities, Financial Effect of Climate-related Risks
(III) Risk Management			
	27	An issuer shall disclose information about:	
		(a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about:	Climate-related Risks and Opportunities
		(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	Climate-related Risks and Opportunities
		(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	Climate-related Risks and Opportunities
		(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	Climate-related Risks and Opportunities
		(iv) whether and how the issuer prioritizes climate-related risks relative to other types of risks;	Climate-related Risks and Opportunities
		(v) how the issuer monitors climate-related risks; and	Climate-related Risks and Opportunities
		(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	Climate-related Risks and Opportunities
		(b) the processes the issuer uses to identify, assess, prioritize and monitor climate related opportunities; and	Climate-related Risks and Opportunities
		(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate-related Risks and Opportunities
(IV) Metrics and Targets			
GHG emissions	28	An issuer shall disclose its absolute gross GHG emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:	
		(a) Scope 1 GHG emissions;	GHG emissions
		(b) Scope 2 GHG emissions; and	GHG emissions
		(c) Scope 3 GHG emissions.	GHG emissions

Item		Description	Reference Section
	29	An issuer shall:	
		(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	GHG emissions
		(b) disclose the approach it uses to measure its GHG emissions including:	GHG emissions
		(i) the measurement approach, inputs and assumptions the issuer uses to measure its GHG emissions;	GHG emissions
		(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its GHG emissions; and	GHG emissions
		(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	GHG emissions
		(c) for Scope 2 GHG emissions disclosed, disclose its location-based Scope 2 GHG emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 GHG emissions; and	GHG emissions
		(d) for Scope 3 GHG emissions disclosed, disclose the categories included within the issuer's measure of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	GHG emissions
Climate-related transition risks	30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The assessment is currently in progress, and we aim to make the relevant disclosures in the near future.
Climate-related physical risks	31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	The assessment is currently in progress, and we aim to make the relevant disclosures in the near future.
Climate-related opportunities	32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	The assessment is currently in progress, and we aim to make the relevant disclosures in the near future.

Item		Description	Reference Section
Capital deployment	33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	The assessment is currently in progress, and we aim to make the relevant disclosures in the near future.
Internal carbon prices	34	An issuer shall disclose:	
		(a) an explanation of whether and how the issuer is applying a carbon price in decision-making; and	Currently, we are not applying internal carbon pricing in decision-making processes. We will evaluate the potential of adopting internal carbon pricing in our future climate-related initiatives.
		(b) the price of each metric tonne of GHG emissions the issuer uses to assess the costs of its GHG emissions;	Currently, we are not applying internal carbon pricing in decision-making processes. We will evaluate the potential of adopting internal carbon pricing in our future climate-related initiatives.
		or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Currently, we are not applying internal carbon pricing in decision-making processes. We will evaluate the potential of adopting internal carbon pricing in our future climate-related initiatives.
Remuneration	35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	We will explore the feasibility of improving our remuneration policy by factoring climate-related considerations into senior management's remuneration package.
Industry-based metrics	36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	The assessment is currently in progress, and we aim to make the relevant disclosures in the near future.

Item		Description	Reference Section
Climate-related targets	37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Emissions of Air, GHG emissions
		(a) the metric used to set the target;	Emissions of Air, GHG emissions
		(b) the objective of the target;	Emissions of Air, GHG emissions
		(c) the part of the issuer to which the target applies;	Emissions of Air, GHG emissions
		(d) the period over which the target applies;	Emissions of Air, GHG emissions
		(e) the base period from which progress is measured;	Emissions of Air, GHG emissions
		(f) milestones or interim targets (if any);	Emissions of Air, GHG emissions
		(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	Emissions of Air, GHG emissions
		(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Emissions of Air, GHG emissions
	38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
		(a) whether the target and the methodology for setting the target has been validated by a third party;	Emissions of Air, GHG emissions
		(b) the issuer's processes for reviewing the target;	Emissions of Air, GHG emissions
		(c) the metrics used to monitor progress towards reaching the target; and	Emissions of Air, GHG emissions
		(d) any revisions to the target and an explanation for those revisions.	Emissions of Air, GHG emissions
	39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Emissions of Air, GHG emissions
	40	For each GHG emissions target disclosed, an issuer shall disclose:	
		(a) which greenhouse gases are covered by the target;	GHG emissions
		(b) whether Scope 1, Scope 2 or Scope 3 GHG emissions are covered by the target;	GHG emissions
		(c) whether the target is a gross GHG emissions target or a net GHG emissions target. If the issuer discloses a net GHG emissions target, the issuer is also required to separately disclose its associated gross GHG emissions target;	GHG emissions
		(d) whether the target was derived using a sectoral decarbonisation approach; and	GHG emissions

Item		Description	Reference Section
		(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	Carbon Offset Strategy
		(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Carbon Offset Strategy
		(ii) which third-party scheme(s) will verify or certify the carbon credits;	Carbon Offset Strategy
		(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	Carbon Offset Strategy
		(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Carbon Offset Strategy
Applicability of cross-industry metrics and industry-based metrics	41	In preparing disclosures to meet the requirements of Environmental, Social and Governance Reporting Code, an issuer shall refer to and consider the applicability of (i) cross-industry metrics and (ii) industry-based metrics.	Not applicable

Independent Auditor's Report

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To the Shareholders of Beijing Biostar Pharmaceuticals Co., Ltd.

I. QUALIFIED OPINION

We have audited the financial statements of Beijing Biostar Pharmaceuticals Co., Ltd. (the "Company"), which comprise the consolidated and parent company's balance sheets as at December 31, 2025, the consolidated and parent company's income statement, the consolidated and parent company's statements of cash flows, and the consolidated and parent company's statements of changes in equity for the year 2025, and notes to the financial statements.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position of the Company as at December 31, 2025, and its consolidated and parent company's financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

II. BASIS FOR QUALIFIED OPINION

As stated in note V(V) to the financial statements, the Company made an investment in the amount of US$5,000,000 in certain non-voting redeemable participating shares of an unlisted fund (the "Fund") in 2024. Pursuant to the subscription agreement, the investment term was one year, during which the investment was classified as financial assets held for trading. The investment was not redeemed upon maturity in November 2025 and was subsequently reclassified to other receivables. In March 2026, the Company entered into a settlement agreement with the Fund, pursuant to which it was agreed that, upon payment of US$2,000,000 by the Fund, the Company would waive its rights to recover or pursue any form of claim in respect of the remaining balance of US$3,000,000. Accordingly, the Company recognised an allowance for expected credit losses of US$3,000,000 (equivalent to approximately RMB21,086,400) in respect of the above amount. We performed audit procedures including inspection of supporting documentation, examination of bank remittance records, external confirmations and a review of subsequent events. However, we were unable to obtain sufficient appropriate audit evidence regarding the recoverability of the amount, the appropriateness of the impairment provision, and the potential impact on the financial statements.

We conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and the independence requirements applicable to public interest entities under the China's CPA Independence Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

III. OTHER INFORMATION

Management of the Company (the "Management") is responsible for the other information. Other information comprises all of the information included in 2025 annual report of the Company other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of other information, we are required to report that fact. As stated in above "Basis for Qualified Opinion" section, we were unable to obtain sufficient appropriate audit evidence regarding above matter. Accordingly, we were not able to determine whether there are any significant misstatements regarding the matter as set out in the other information.

IV. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine that the following matters are the key audit matters that need to be communicated in the auditor's report, except for the matter described in the "Basis for Qualified Opinion" section.

(I) R&D Expenses

1. Description

We identify the recognition and measurement of R&D expenses as a key audit matter, because the existence, completeness, and accuracy of such expenses have a significant impact on the financial statements, and there is an inherent risk that R&D expenses may not be accurately distinguished from other types of expenses.

2. Audit response

(1) Understanding and evaluating the design, implementation and operating effectiveness of key internal controls relating to the recognition process of the Company's R&D expenses;

(2) Assessing the existence of R&D expenses by inspecting, on a sample basis, supporting documents such as contracts, invoices and payment vouchers;

(3) Evaluating whether the scope of R&D expense aggregation is appropriate and whether such expenses are relevant to the R&D activities;

(4) Assessing whether the depreciation, amortisation and employee benefits allocated to R&D expenses are consistent with the defined scope of aggregation;

(5) Evaluating the reasonableness of the progress of major service items based on pre-clinical and clinical trial contracts, in conjunction with the actual status of the trials and the underlying contract terms;

(6) Testing the amount of expenses incurred based on the progress of contract execution, and comparing such amounts with the records;

(7) Evaluating whether the amount of R&D expenses incurred is accurate and recorded in the appropriate period, based on external confirmations obtained regarding the transaction amounts of relevant R&D expenses;

(8) Evaluating whether relevant R&D expense transactions were recorded in the appropriate period by inspecting invoices and bank receipts before and after the balance sheet date; and assessing the authenticity of services for significant R&D costs by inspecting, on a sample basis, the deliverables provided by service providers and evaluating the background of such service providers.

(II) Revenue recognition

1. Description

Revenue is a key performance indicator of the Company and has a significant impact on the financial statements. As its recognition involves significant management judgements and estimates, we have identified the recognition of operating revenue as a key audit matter.

2. Audit response

(1) Understanding key internal controls over financial reporting relating to revenue recognition, evaluating the design of these controls, determining whether they have been implemented, and testing the operating effectiveness of relevant internal controls;

(2) Engaging information technology (IT) specialists to test the general IT controls and the application controls relating to the revenue recognition process;

(3) Inspecting sales contracts to understand the key contract terms or conditions, and evaluating whether the revenue recognition methods are appropriate;

(4) Performing analytical procedures on operating revenue and gross profit margins by month, product and channel, identifying any significant or unusual fluctuations, and ascertaining the reasons for such fluctuations; and performing a comparative analysis of the gross profit margins of major products against industry peers to determine whether any anomalies exist;

(5) Inspecting, on a sample basis, supporting documents relating to revenue recognition, including sales contracts, purchase orders, sales invoices, goods dispatch notes, customer acceptance receipts or logistics tracking records, and sales statements or reconciliation statements;

(6) Conducting confirmation procedures, on a sample basis, for sales revenue and accounts receivable balances of major customers in conjunction with the circularisation of accounts receivable;

(7) Performing on-site interviews or video inquiries with major customers on a sample basis to understand information such as the principal terms of the contracts signed, product sales, and settlement status;

(8) Performing cut-off tests on operating revenue recognised before and after the balance sheet date to evaluate whether the operating revenue has been recognised in the appropriate period; and

(9) Reviewing whether information relating to operating revenue has been appropriately presented and disclosed in the financial statements.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements, and for the design, implementation and maintenance of internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 financial statements.

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

(1) Identify and assess the risks of material misstatement of the 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.

(2) 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 its internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of users of the financial statements to the relevant disclosures in the financial statements in our auditors' report or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on information available as of the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities of the Company to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

WUYIGE Certified Public Accountants LLP

Chinese Certified Public Accountant:
(Engagement partner)

Beijing, the PRC

Chinese Certified Public Accountant:

March 30, 2026

Consolidated Balance Sheet

For the year ended December 31, 2025

Items	Notes	December 31, 2025	December 31, 2024
Current Assets:			
Monetary funds	V(I)	**456,766,910.79**	466,636,149.82
Financial assets held for trading	V(II)		105,989,480.32
Derivative financial assets			
Bills receivable			
Accounts receivable	V(III)	**7,156,522.30**	23,152,252.38
Receivables financing			
Prepayments	V(IV)	**3,576,777.59**	67,074,482.41
Other receivables	V(V)	**58,865,263.75**	852,101.37
Among which: Interest receivable			
Dividend receivable			
Inventories	V(VI)	**45,493,637.08**	31,419,170.70
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	V(VII)	**6,172,947.85**	4,135,536.05
Total Current Assets		**578,032,059.36**	699,259,173.05
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity instrument investments			
Other non-current financial assets	V(VIII)	**35,000,000.00**	35,000,000.00
Investment properties			
Fixed assets	V(IX)	**72,303,071.28**	66,235,066.00
Construction in progress	V(X)	**73,441,693.56**	97,489,482.64
Biological assets for production			
Oil and gas assets			
Right-of-use assets	V(XI)	**2,144,837.87**	1,347,721.41
Intangible assets	V(XII)	**12,447,713.05**	12,960,417.42
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	V(XIII)		
Other non-current assets	V(XIV)	**899,381.30**	952,397.30
Total Non-current Assets		**196,236,697.06**	213,985,084.77
Total Assets		**774,268,756.42**	913,244,257.82

Consolidated Balance Sheet (Continued)

For the year ended December 31, 2025

Items	Notes	December 31, 2025	December 31, 2024
Current Liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable	V(XVI)	**53,822,602.40**	48,331,057.21
Advances from customers			
Contract liabilities	V(XVII)	**4,798,978.29**	4,716,981.13
Employee remuneration payable	V(XVIII)	**2,880,532.56**	8,379,308.34
Taxes payable	V(XIX)	**159,351.30**	381,620.36
Other payables	V(XX)	**6,700,119.66**	13,856,726.75
Among which: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year	V(XXI)	**1,047,592.85**	665,219.19
Other current liabilities			2,830,188.68
Total Current Liabilities	V(XXII)	**69,409,177.06**	79,161,101.66
Non-current Liabilities:			
Long-term borrowings			
Bonds payable			
Among which: Preference shares			
Perpetual bonds			
Lease liabilities	V(XXIII)	**927,401.40**	516,517.72
Long-term payables			
Long-term employee remuneration payable			
Provisions			
Deferred income	V(XXIV)	**118,032.81**	366,156.35
Deferred income tax liabilities			
Other non-current liabilities	V(XXV)	**37,735,849.06**	42,452,830.19
Total Non-current Liabilities		**38,781,283.27**	43,335,504.26
Total Liabilities		**108,190,460.33**	122,496,605.92
Shareholders' Equity:			
Share capital	V(XXVI)	**364,588,000.00**	364,588,000.00
Other equity instruments			
Among which: Preference shares			
Perpetual bonds			
Capital reserve	V(XXVII)	**1,307,118,183.19**	1,298,264,271.78
Less: Treasury shares			
Other comprehensive income	V(XXVIII)	**–2,074,444.18**	13,714.48
Special reserve			
Surplus reserve			
Retained earnings	V(XXIX)	**–1,003,553,442.92**	–872,118,334.36
Total Equity Attributable to Owners of the Parent		**666,078,296.09**	790,747,651.90
Non-controlling interests			
Total Shareholders' Equity		**666,078,296.09**	790,747,651.90
Total Liabilities and Shareholders' Equity		**774,268,756.42**	913,244,257.82

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025

Unit: RMB

Items	Notes	2025	2024
I. Operating Revenue	V(XXX)	**33,364,260.46**	71,865,551.56
Less: Cost of sales	V(XXX)	**2,606,963.38**	9,745,139.98
Taxes and surcharges	V(XXXI)	**1,086,919.04**	1,035,776.87
Selling expenses	V(XXXII)	**31,100,158.31**	61,927,091.72
Administrative expenses	V(XXXIII)	**34,523,783.28**	52,337,637.64
Research and development expenses	V(XXXIV)	**82,993,063.22**	116,291,717.95
Finance costs	V(XXXV)	**5,807,324.63**	–7,475,431.61
Among which: Interest expenses		**46,310.02**	55,605.55
Interest income		**4,465,928.17**	2,043,623.96
Add: Other income	V(XXXVI)	**1,595,463.67**	2,212,848.28
Investment income (losses are presented with "–")	V(XXXVII)	**11,873,556.57**	16,302,890.35
Among which: Investment income from associates and joint ventures			
Gains on derecognition of financial assets measured at amortised cost			
Net gains on hedge of open position (losses are presented with "–")			
Gains on changes in fair value (losses are presented with "–")	V(XXXVIII)	**–47,480.32**	492,737.45
Impairment losses on credit assets (losses are presented with "–")	V(XXXIX)	**–20,652,179.39**	–293,512.51
Impairment losses on assets (losses are presented with "–")	V(XL)	**–2,362,553.64**	–288,474.57
Gains on disposal of assets (losses are presented with "–")			
II. Operating Profit (loss is presented with "–")		**–134,347,144.51**	–143,569,891.99
Add: Non-operating income	V(XLI)	**2,938,519.06**	140,600.05
Less: Non-operating expenses	V(XLII)	**26,483.11**	347,226.40
III. Total Profit (total loss is presented with "–")		**–131,435,108.56**	–143,776,518.34
Less: Income tax expense	V(XLIII)		
IV. Net Profit (net loss is presented with "–")		**–131,435,108.56**	–143,776,518.34
(I) Classified by continuity of operations:			
1.Net profit from continuing operations (net loss is presented with "–")		**–131,435,108.56**	–143,776,518.34
2.Net profit from discontinued operations (net loss is presented with "–")			
(II) Classified by ownership:			
1.Net profit attributable to owners of the parent (net loss is presented with "–")		**–131,435,108.56**	–143,776,518.34
2.Net profit attributable to non-controlling interests (net loss is presented with "–")			
V. Other Comprehensive Income, Net of Tax	V(XLIV)	**–2,088,158.66**	363,630.19
(I) Other Comprehensive Income Attributable to Owners of the Parent, Net of Tax		**–2,088,158.66**	363,630.19
1. Other comprehensive income that will not be reclassified to profit or loss			
(1) Re-measurement of defined benefit plans			
(2) Other comprehensive income not reclassified to profit or loss under equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of the Company's own credit risk			

Consolidated Statement of Profit or Loss (Continued)

For the year ended December 31, 2025

Items	Notes	2025	2024
2. Other comprehensive income that will be reclassified to profit or loss		**–2,088,158.66**	363,630.19
(1) Other comprehensive income reclassified to profit or loss under equity method			
(2) Changes in fair value of other debt investments			
(3) Amounts reclassified to other comprehensive income on reclassification of financial assets			
(4) Impairment provision for other debt investments			
(5) Cash flow hedge reserve (effective portion of cash flow hedge gains or losses)			
(6) Foreign currency translation differences for foreign financial statements		**–2,088,158.66**	363,630.19
(7) Others			
(II) Other Comprehensive Income Attributable to Non-controlling Interests, Net of Tax			
VI. Total Comprehensive Income		**–133,523,267.22**	–143,412,888.15
(I) Total Comprehensive Income Attributable to Owners of the Parent		**–133,523,267.22**	–143,412,888.15
(II) Total Comprehensive Income Attributable to Non-controlling Interests			
VII. Earnings Per Share			
(I) Basic Earnings Per Share		**–0.36**	–0.41
(II) Diluted Earnings Per Share		**–0.36**	–0.41

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

Unit: RMB

Items	Notes	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		**48,877,491.84**	118,918,471.62
Tax refunds received			47,430.32
Other cash received relating to operating activities	V(XLIV)	**3,088,886.40**	24,138,134.59
Sub-total of cash inflows from operating activities		**51,966,378.24**	143,104,036.53
Cash paid for goods and services		**74,842,174.16**	123,486,118.18
Cash paid to and on behalf of employees		**50,386,148.40**	70,646,411.04
Payments of all types of taxes		**4,370,996.82**	3,398,936.02
Other cash paid relating to operating activities	V(XLIV)	**73,884,500.56**	58,161,397.05
Sub-total of cash outflows from operating activities		**203,483,819.94**	255,692,862.29
Net cash flows from operating activities		**–151,517,441.70**	–112,588,825.76
II. Cash flows from investing activities			
Cash received from disposal of investments	V(XLIV)	**687,217,751.76**	1,168,913,594.73
Cash received from returns on investments	V(XLIV)	**11,099,613.51**	15,678,150.18
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		**698,317,365.27**	1,184,591,744.91
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		**5,419,928.58**	40,804,527.55
Cash paid to acquire investments	V(XLIV)	**603,374,155.40**	1,090,315,669.59
Net cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities			
Sub-total of cash outflows from investing activities		**608,794,083.98**	1,131,120,197.14
Net cash flows from investing activities		**89,523,281.29**	53,471,547.77
III. Cash flows from financing activities			
Cash received from capital contributions	V(XLIV)		209,709,437.70
Including: cash received from non-controlling interests' capital contributions to subsidiaries			
Cash received from borrowings			
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities			209,709,437.70
Cash paid for repayments of borrowings			
Cash paid for distribution of dividends or profits and for interest expenses		**46,310.02**	55,605.55
Including: dividends and profits paid to non-controlling interests by subsidiaries			
Other cash paid relating to financing activities		**1,202,711.20**	1,547,186.10
Sub-total of cash outflows from financing activities		**1,249,021.22**	1,602,791.65
Net cash flows from financing activities		**–1,249,021.22**	208,106,646.05

Consolidated Statement of Cash Flows (Continued)

For the year ended December 31, 2025

Items	Notes	2025	2024
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**–5,272,608.64**	2,637,795.09
V. Net increase in cash and cash equivalents		**–68,515,790.27**	151,627,163.15
Add: Cash and cash equivalents at the beginning of the period		**189,714,489.13**	38,087,325.98
VI. Cash and cash equivalents at the end of the period		**121,198,698.86**	189,714,489.13

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2025

Items	2025												
	Equity attributable to shareholders of the parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Other	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
I. Balance as at the end of the previous year	**364,588,000.00**				**1,298,264,271.78**		**13,714.48**			**-872,118,334.36**	**790,747,651.90**		**790,747,651.90**
Add: Changes in accounting policies													
Correction of accounting													
Others													
II. Balance as at the beginning of the year	**364,588,000.00**				**1,298,264,271.78**		**13,714.48**			**-872,118,334.36**	**790,747,651.90**		**790,747,651.90**
III. Increases/decreases in the year													
("-" for decreases)					**8,853,911.41**		**-2,088,158.66**			**-131,435,108.56**	**124,669,355.81**		**124,669,355.81**
(I) Total comprehensive income							**-2,088,158.66**			**-131,435,108.56**	**133,523,267.22**		**133,523,267.22**
(II) Shareholders' contribution and capital decrease					**8,853,911.41**						**8,853,911.41**		**8,853,911.41**
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity					**8,853,911.41**						**8,853,911.41**		**8,853,911.41**
4. Others													
(III) Distribution of profits													
1. Withdrawal of surplus reserves													
2. Profit distributed to shareholders													
3. Others													
(IV) Internal carry-forward of shareholders' equity													
1. Conversion of capital reserves into share capital													
2. Conversion of surplus reserves into share capital													
3. Offsetting of losses													
4. Carry-forward of changes in the defined benefit plan for retained earnings													
5. Carry-forward of other comprehensive income for retained earnings													
6. Others													
(V) Special reserves													
1. Withdrawal for the period													
2. Utilization for the period													
(VI) Others													
IV. Balance as at the end of the year	**364,588,000.00**				**1,307,118,183.19**		**-2,074,444.18**			**-1,003,553,442.92**	**666,078,296.09**		**666,078,296.09**

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Consolidated Statement of Changes in Shareholders' Equity (Continued)

For the year ended December 31, 2025

Unit: RMB

Items	2024												
	Equity attributable to shareholders of the parent												
		Other equity instruments											
	Share capital	Preferred shares	Perpetual bonds	Other	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
I. Balance as at the end of the previous year	350,000,000.00				1,101,852,852.05		-349,915.71			-728,341,816.02	723,161,120.32		723,161,120.32
Add: Changes in accounting policies													
Correction of accounting													
Others													
II. Balance as at the beginning of the year	350,000,000.00				1,101,852,852.05		-349,915.71			-728,341,816.02	723,161,120.32		723,161,120.32
III. Increases/decreases in the year ("-" for decreases)	14,588,000.00				196,411,419.73		363,630.19			-143,776,518.34	67,586,531.58		67,586,531.58
(I) Total comprehensive income							363,630.19			-143,776,518.34	-143,412,888.15		-143,412,888.15
(II) Shareholders' contribution and capital decrease	14,588,000.00				196,411,419.73						210,999,419.73		210,999,419.73
1. Ordinary shares contributed by shareholders	14,588,000.00				187,349,755.65						201,937,755.65		201,937,755.65
2. Capital contributed by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity					9,061,664.08						9,061,664.08		9,061,664.08
4. Others													
(III) Distribution of profits													
1. Withdrawal of surplus reserves													
2. Profit distributed to shareholders													
3. Others													
(IV) Internal carry-forward of shareholders' equity													
1. Conversion of capital reserves into share capital													
2. Conversion of surplus reserves into share capital													
3. Offsetting of losses													
4. Carry-forward of changes in the defined benefit plan for retained earnings													
5. Carry-forward of other comprehensive income for retained earnings													
6. Others													
(V) Special reserves													
1. Withdrawal for the period													
2. Utilization for the period													
(VI) Others													
IV. Balance as at the end of the year	364,588,000.00				1,298,264,271.78		13,714.48			-872,118,334.36	790,747,651.90		790,747,651.90

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Balance Sheet of the Parent

For the year ended December 31, 2025

Unit: RMB

Items	Notes	December 31, 2025	December 31, 2024
Current Assets:			
Monetary funds		**365,573,192.07**	384,502,317.88
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Receivables financing			
Prepayments		**765,189.79**	57,882,971.62
Other receivables	XVII(I)	**50,441.16**	69,294.06
Among which: Interest receivable			
Dividend receivable			
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**5,112,594.95**	3,639,336.72
Total Current Assets		**371,501,417.97**	446,093,920.28
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term receivables		**402,930,678.66**	415,853,678.66
Long-term equity investments	XVII(II)	**584,917,692.25**	545,738,775.13
Other equity instrument investments			
Other non-current financial assets		**35,000,000.00**	35,000,000.00
Investment properties			
Fixed assets		**226,847.59**	267,194.36
Construction in progress			
Biological assets for production			
Oil and gas assets			
Right-of-use assets		**2,144,837.87**	1,347,721.41
Intangible assets		**364,975.45**	524,198.65
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets		**640,704.12**	640,704.12
Total Non-current Assets		**1,026,225,735.94**	999,372,272.33
Total Assets		**1,397,727,153.91**	1,445,466,192.61

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Balance Sheet of the Parent (Continued)

For the year ended December 31, 2025

Items	Notes	December 31, 2025	December 31, 2024
Current Liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		**11,713,736.68**	8,047,074.16
Advances from customers			
Contract liabilities			
Employee remuneration payable		**2,196,476.44**	4,242,616.90
Taxes payable		**32,371.94**	21,000.00
Other payables			3,487,405.16
Among which: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year		**1,047,592.85**	665,219.19
Other current liabilities			
Total Current Liabilities		**14,990,177.91**	16,463,315.41
Non-current Liabilities:			
Long-term borrowings			
Bonds payable			
Among which: Preference shares			
Perpetual bonds			
Lease liabilities		**927,401.40**	516,517.72
Long-term payables			
Long-term employee remuneration payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities		**927,401.40**	516,517.72
Total Liabilities		**15,917,579.31**	16,979,833.13
Shareholders' Equity:			
Share capital		**364,588,000.00**	364,588,000.00
Other equity instruments			
Among which: Preference shares			
Perpetual bonds			
Capital reserve		**1,307,118,183.19**	1,298,264,271.78
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve			
Retained earnings		**–289,896,608.59**	–234,365,912.30
Total Shareholders' Equity		**1,381,809,574.60**	1,428,486,359.48
Total Liabilities and Shareholders' Equity		**1,397,727,153.91**	1,445,466,192.61

Statement of Profit or Loss of the Parent

For the year ended December 31, 2025

Unit: RMB

Items	Notes	2025	2024
I. Operating Revenue			11,992,380.30
Less: Cost of sales			10,428,156.78
Taxes and surcharges		**79,032.92**	27,372.61
Selling expenses		**2,344,147.52**	4,156,809.46
Administrative expenses		**20,353,948.44**	39,020,290.12
Research and development expenses		**37,512,924.02**	31,604,235.65
Finance costs		**5,974,539.63**	–7,143,057.88
Among which: Interest expenses		**46,310.02**	55,605.55
Interest income		**3,996,719.30**	1,687,938.55
Add: Other income		**830,000.00**	52,618.58
Investment income (losses are presented with "–")	XVII(III)	**9,657,657.14**	11,305,784.40
Among which: Investment income from associates and joint ventures			
Gains on derecognition of financial assets measured at amortised cost			
Net gains on hedge of open position (losses are presented with "–")			
Gains on changes in fair value (losses are presented with "–")			
Impairment losses on credit assets (losses are presented with "–")			
Impairment losses on assets (losses are presented with "–")			
Gains on disposal of assets (losses are presented with "–")			
II. Operating Profit (loss is presented with "–")		**–55,776,935.39**	–54,743,023.46
Add: Non-operating income		**255,982.09**	50,600.00
Less: Non-operating expenses		**9,742.99**	298,116.48
III. Total Profit (total loss is presented with "–")		**–55,530,696.29**	–54,990,539.94
Less: Income tax expense			
IV. Net Profit (net loss is presented with "–")		**–55,530,696.29**	–54,990,539.94
1. Net profit from continuing operations (net loss is presented with "–")		**–55,530,696.29**	–54,990,539.94
2. Net profit from discontinued operations (net loss is presented with "–")			
V. Other Comprehensive Income, Net of Tax			
(I) Other Comprehensive Income that will not be reclassified to profit or loss			
1. Re-measurement of defined benefit plans			
2. Other comprehensive income not reclassified to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income reclassified to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Amounts reclassified to other comprehensive income on reclassification of financial assets			
4. Impairment provision for other debt investments			
5. Cash flow hedge reserve (effective portion of cash flow hedge gains or losses)			
6. Foreign currency translation differences for foreign financial statements			
7. Others			
VI. Total Comprehensive Income		**–55,530,696.29**	–54,990,539.94
VII. Earnings Per Share			
(I) Basic Earnings Per Share			
(II) Diluted Earnings Per Share			

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Statement of Cash Flows of the Parent

For the year ended December 31, 2025

Unit: RMB

Items	Notes	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services			
Tax refunds received			47,430.32
Other cash received relating to operating activities		**27,592,043.44**	80,701,761.94
Sub-total of cash inflows from operating activities		**27,592,043.44**	80,749,192.26
Cash paid for goods and services		**14,556,343.22**	38,848,099.64
Cash paid to and on behalf of employees		**23,695,923.05**	27,300,008.93
Payments of all types of taxes		**155,578.31**	1,252,469.27
Other cash paid relating to operating activities		**31,222,096.80**	53,275,660.26
Sub-total of cash outflows from operating activities		**69,629,941.38**	120,676,238.10
Net cash flows from operating activities		**–42,037,897.94**	–39,927,045.84
II. Cash flows from investing activities			
Cash received from disposal of investments		**543,333,807.30**	625,530,481.65
Cash received from returns on investments		**9,223,948.36**	11,998,497.79
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		**552,557,755.66**	637,528,979.44
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets			
Cash paid to acquire investments		**580,119,225.26**	658,732,086.25
Net cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities			
Sub-total of cash outflows from investing activities		**580,119,225.26**	658,732,086.25
Net cash flows from investing activities		**–27,561,469.60**	–21,203,106.81
III. Cash flows from financing activities			
Cash received from capital contributions			209,709,437.70
Cash received from borrowings			
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities			209,709,437.70
Cash paid for repayments of borrowings			
Cash paid for distribution of dividends or profits and for interest expenses		**46,310.02**	55,605.55
Other cash paid relating to financing activities		**1,202,711.20**	1,547,186.10
Sub-total of cash outflows from financing activities		**1,249,021.22**	1,602,791.65
Net cash flows from financing activities		**–1,249,021.22**	208,106,646.05
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**–5,241,704.14**	3,032,648.82
V. Net increase in cash and cash equivalents		**–76,090,092.90**	150,009,142.22
Add: Cash and cash equivalents at the beginning of the period		**178,648,324.25**	28,639,182.03
VI. Cash and cash equivalents at the end of the period		**102,558,231.35**	178,648,324.25

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

Statement of Changes in Shareholders' Equity of the Parent

Unit: RMB

Items	2025										
		Other equity instruments									
	Share capital	Preferred shares	Perpetual bonds	Other	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance as at the end of the previous year	**364,588,000.00**				**1,298,264,271.78**					**-234,365,912.30**	**1,428,486,359.48**
Add: Changes in accounting policies											
Correction of accounting											
Others											
II. Balance as at the beginning of the year	**364,588,000.00**				**1,298,264,271.78**					**-234,365,912.30**	**1,428,486,359.48**
III. Increases/decreases in the year ("-" for decreases)					**8,853,911.41**					**-55,530,696.29**	**-46,676,784.88**
(I) Total comprehensive income										**-55,530,696.29**	**-55,530,696.29**
(II) Shareholders' contribution and capital decrease					**8,853,911.41**						**8,853,911.41**
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					**8,853,911.41**						**8,853,911.41**
4. Others											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Profit distributed to shareholders											
3. Others											
(IV) Internal carry-forward of shareholders' equity											
1. Conversion of capital reserves into share capital											
2. Conversion of surplus reserves into share capital											
3. Offsetting of losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Balance as at the end of the year	**364,588,000.00**				**1,307,118,183.19**					**-289,896,608.59**	**1,381,809,574.60**

Statement of Changes in Shareholders' Equity of the Parent (Continued)

Unit: RMB

Items	2024										
		Other equity instruments									
	Share capital	Preferred shares	Perpetual bonds	Other	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance as at the end of the previous year	350,000,000.00				1,101,852,852.05					-179,375,372.36	1,272,477,479.69
Add: Changes in accounting policies											
Correction of accounting											
Others											
II. Balance as at the beginning of the year	350,000,000.00				1,101,852,852.05					-179,375,372.36	1,272,477,479.69
III. Increases/decreases in the year ("-" for decreases)	14,588,000.00				196,411,419.73					-54,990,539.94	156,008,879.79
(I) Total comprehensive income										-54,990,539.94	-54,990,539.94
(II) Shareholders' contribution and capital decrease	14,588,000.00				196,411,419.73						210,999,419.73
1. Ordinary shares contributed by shareholders	14,588,000.00				187,349,755.65						201,937,755.65
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					9,061,664.08						9,061,664.08
4. Others											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Profit distributed to shareholders											
3. Others											
(IV) Internal carry-forward of shareholders' equity											
1. Conversion of capital reserves into share capital											
2. Conversion of surplus reserves into share capital											
3. Offsetting of losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Balance as at the end of the year	364,588,000.00				1,298,264,271.78					-234,365,912.30	1,428,486,359.48

Legal representative: Person-in-charge of accounting: Person-in-charge of the accounting firm:

I. GENERAL INFORMATION OF THE COMPANY

(I) Place of Registration and Head Office Address

Beijing Biostar Pharmaceuticals Co., Ltd. (hereinafter referred to as the "Company", and collectively referred to as the "Group" when including its subsidiaries) is a joint stock company registered in Beijing, the People's Republic of China, established on July 11, 2002. The Company was listed on The Stock Exchange of Hong Kong Limited (HKEX) in October 2024. It currently holds a business license issued by the Market Supervision Administration of Beijing Economic-Technological Development Area with the Unified Social Credit Code 9111010874157874XP. The registered capital of the Company is RMB364.588 million. The legal representative is Tang Li. Both the place of registration and the head office address of the Company are Room 1202B, 12/F, Building 3, No. 22 Ronghua Middle Road, Beijing Economic-Technological Development Area, Beijing.

(II) Principal Business Activities Actually Engaged in by the Company

The Group is mainly engaged in the R&D, production and sales of innovative drugs. The Group's products and pipeline mainly include Utidelone Injection, Utidelone Capsules, Utidelone Nano-formulation, Utidelone Antibody-Drug Conjugate (ADC), BG22, BG18 and BG44. The Group's products are mainly used for the treatment of recurrent or metastatic breast cancer, neoadjuvant therapy for human epidermal growth factor receptor 2 (HER2)-negative breast cancer, advanced non-small cell lung cancer (NSCLC), solid tumors, brain metastases of breast cancer, brain metastases of lung cancer and other brain tumor indications. The Group mainly operates in the domestic market.

(III) Scope of Consolidated Financial Statements

The subsidiaries included in the consolidation scope for the reporting period are as follows:

No.	Name of Subsidiary	Level
1	Chengdu Biostar Pharmaceuticals Co., Ltd.	2
2	Biostar Pharma,Inc.	2
3	SynBio Pharma (Hong Kong)Limited	2

(IV) Approver and Approval Date of the Financial Statements

These financial statements were approved for issuance by the Company's board of directors on March 30, 2026.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of Preparation

Previously, the Group prepared its financial statements for the purpose of disclosure on the HKEX in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Pursuant to the Consultation Conclusion on Acceptance of Mainland Accounting and Auditing Standards and Appointment of Mainland Auditors for PRC Incorporated Companies Listed in Hong Kong issued by the HKEX in December 2010, commencing from the current financial year, the Group has resolved to prepare its financial statements for disclosure on the HKEX in accordance with the Accounting Standards for Business Enterprises and relevant regulations promulgated by the Ministry of Finance of the People's Republic of China (the "MOF").

The financial statements of the Group have been prepared on a going concern basis, in accordance with the Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards and other relevant regulations promulgated by the MOF (hereinafter referred to as the "Accounting Standards for Business Enterprises"), based on actual transactions and events that have occurred, and applying the significant accounting policies and accounting estimates formulated by the Group. In addition, the Group has disclosed relevant financial information in compliance with the Companies Ordinance of Hong Kong and the Listing Rules of the HKEX.

(II) Going Concern

In preparing the financial statements, the Group has comprehensively evaluated its ability to continue as a going concern for the 12 months from the end of the reporting period. The Group is capable of continuing as a going concern for at least 12 months from the end of the reporting period, with no material events affecting its going concern ability. Accordingly, the preparation of the financial statements on a going concern basis is considered appropriate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Group comply with the requirements of the Accounting Standards for Business Enterprises, and present fairly and completely the financial position of the Group as at December 31, 2025, the operating results and cash flows for the year 2025, and other relevant information.

(II) Accounting Period

The Group's accounting year is the calendar year, i.e., from 1 January to 31 December of each year.

(III) Operating Cycle

The Group adopts twelve months in a year as its normal operating cycle, and uses the operating cycle as the criterion for classifying the liquidity of assets and liabilities.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(IV) Functional Currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Group and its domestic subsidiaries operate. The Group and its domestic subsidiaries adopt RMB as their functional currency. The Group's overseas subsidiaries determine their functional currencies as United States dollars and Hong Kong dollars respectively according to the currency of the primary economic environment in which they operate. The currency used by the Group in preparing these financial statements is RMB.

(V) Methods for Determining Materiality Standards and Basis for Selection

1. Materiality of Financial Statement Items

The Group determines the materiality of financial statement items based on whether they could influence the economic decisions of financial statement users, considering both qualitative and quantitative aspects. Quantitative materiality is assessed by reference to a certain proportion 1% of the relevant item relative to total assets. Qualitative materiality is evaluated based on factors that have a significant influence on the financial position and operating results, such as whether the item pertains to day-to-day operations, whether it leads to a change in profit or loss, or whether it impacts regulatory indicators.

2. Materiality of Sub-items Disclosed in the Notes to the Financial Statements

The Group determines the materiality of sub-items disclosed in the notes to the financial statements based on the materiality of the corresponding financial statement item, and further by reference to a certain proportion of the sub-item within that item, or by considering the amount involved, while also taking into account the nature of the specific sub-item. Certain items may not be material to the financial statements themselves but could be material to the notes and therefore require separate disclosure. The materiality standards for sub-items in the notes to the financial statements are as follows:

Item	Materiality Standard
Significant accounts receivable with bad debt provisions recognized on an individual basis	Individual amount exceeds 5% of total accounts receivable or bad debt provisions, and exceeds RMB1 million, or the bad debt provisions recognized in the current period impacts the change between profit and loss
Significant recovery or reversal of bad debt provisions on accounts receivable	Individual amount exceeds 5% of the total recovery or reversal of bad debt provisions in the current period, and exceeds RMB1 million, or impacts the change between profit and loss in the current period
Significant actual write-off of accounts receivable	Individual amount exceeds 5% of total accounts receivable or bad debt provisions, and exceeds RMB1 million
Significant construction in progress projects	Investment budget exceeds 5% of total fixed assets, and current period incurred amount exceeds 10% of total amount to construction in progress in the current period (or ending balance exceeds 10%), and the amount exceeds RMB1 million
Significant accounts payable aged over one year	Individual amount exceeds 5% of total accounts payable, and exceeds RMB1 million

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(V) Methods for Determining Materiality Standards and Basis for Selection (Continued)

2. Materiality of Sub-items Disclosed in the Notes to the Financial Statements (Continued)

Item	Materiality Standard
Significant other payables aged over one year	Individual amount exceeds 5% of total other payables, and exceeds RMB1 million
Significant estimated liabilities	Individual type of estimated liabilities exceeds 10% of total estimated liabilities, and the amount exceeds RMB1 million
Significant investing activities	Individual investment exceeds 10% of total cash inflows or outflows from investing activities, and the amount exceeds RMB1 million
Significant contingencies	Amount exceeds RMB10 million, and exceeds 10% of the absolute value of consolidated net assets

(VI) Business Combinations

1. Business Combinations under Common Control

For a long-term equity investment arising from a business combination involving enterprises under common control where the combination consideration is paid in cash, transferred non-cash assets, or assumed liabilities by the combining party, the initial investment cost of the long-term equity investment shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date. Where equity instruments are issued as consideration, the aggregate par value of the shares issued shall be recorded as share capital. Any difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid (or the aggregate par value of shares issued) shall be adjusted against capital reserve; if the capital reserve is insufficient to absorb the reduction, retained earnings shall be adjusted.

2. Business Combinations Not Involving Enterprises Under Common Control

For business combinations not involving enterprises under common control, the cost of combination shall be the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Identifiable assets, liabilities and contingent liabilities assumed of the acquiree that meet the recognition criteria in a business combination not involving enterprises under common control shall be measured at their fair values at the acquisition date. The excess of the cost of combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized in profit or loss for the current period as other income after reassessment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for Determining Control and Methods for Preparing Consolidated Financial Statements

1. Criteria for Determining Control

The consolidation scope of the consolidated financial statements is determined based on control. An investee is considered to be controlled if the following three elements are present: having power over the investee, being exposed, or having rights, to variable returns from its involvement with the investee, and having the ability to use its power over the investee to affect the amount of the returns.

2. Methods for Preparing Consolidated Financial Statements

(1) Uniform accounting policies and uniform balance sheet dates and accounting periods for the parent and subsidiaries

If subsidiaries adopt accounting policies or accounting periods different from those of the Group, necessary adjustments are made to the financial statements of the subsidiaries in the preparation of the consolidated financial statements in accordance with the Group's accounting policies or accounting periods.

(2) Offsetting items in the consolidated financial statements

The consolidated financial statements are prepared based on the financial statements of the parent company and its subsidiaries, and have eliminated intragroup transactions between the parent company and its subsidiaries, and among subsidiaries themselves. The interests in the subsidiaries' equity not attributable to the Group are presented as "Non-controlling interests" under the shareholders' equity section in the consolidated balance sheet. A long-term equity investment held by a subsidiary in the parent company is treated as treasury stocks of the parent company and presented as a deduction item under shareholders' equity, shown as "Less: Treasury stocks" in the consolidated balance sheet.

(3) Accounting treatment for subsidiaries acquired through business combinations

For subsidiaries acquired through business combinations under common control, it is deemed that the combination occurred at the time the ultimate controlling party began exercising control. Their assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the period in which the combination occurs. For subsidiaries acquired through business combinations not under common control, adjustments are made to their individual financial statements based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Criteria for Determining Control and Methods for Preparing Consolidated Financial Statements

2. Methods for Preparing Consolidated Financial Statements (Continued)

(4) Accounting treatment for disposal of subsidiaries

In the case of a partial disposal of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal proceeds and the corresponding share of the subsidiary's net assets continuously calculated from the acquisition date or combination date attributable to the disposed portion is adjusted against capital reserve in the consolidated financial statements. If capital reserve is insufficient to absorb the reduction, retained earnings are adjusted. If control over an investee is lost due to the disposal of part of an equity investment, the remaining equity interest is remeasured at fair value at the date when control is lost in preparation of the consolidated financial statements. The sum of the consideration received from the disposal and the fair value of the remaining interest, less the share of the subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio, is recognized as investment income in profit or loss for the period when control is lost, and goodwill is simultaneously reduced. Other comprehensive income and other equity items related to the original investment in the subsidiary are reclassified to profit or loss for the period when control is lost.

(VIII) Classification of Joint Arrangements and Accounting Treatment for Joint Operations

1. Classification of Joint Arrangements

Joint arrangements are classified as either joint operations or joint ventures. A joint arrangement that is not structured through a separate vehicle is classified as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including a separate legal entity or an entity recognised by law without legal personality. A joint arrangement structured through a separate vehicle is typically classified as a joint venture. If changes in facts and circumstances result in a change to the rights and obligations of a joint venturer in the joint arrangement, the joint venturer shall reassess the classification of the joint arrangement.

2. Accounting treatment for joint operations

As a participant in a joint operation, the Group recognises the following items related to its interest in the joint operation and accounts for them in accordance with the relevant accounting standards: Its assets or liabilities held separately, and its share of any assets or liabilities held jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses incurred separately, and its share of any expenses incurred jointly.

For a participant that does not have joint control over a joint operation but has rights to the assets and obligations for the liabilities relating to the joint operation, the Group accounts for it by reference to the provisions for participants in a joint operation. Otherwise, it is accounted for in accordance with the relevant accounting standards.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VIII) Classification of Joint Arrangements and Accounting Treatment for Joint Operations (Continued)

3. Accounting Treatment for Joint Ventures

As a joint venturer in a joint venture, the Group accounts for its investment in the joint venture in accordance with the provisions of *Accounting Standard for Business Enterprises No.2 — Long-Term Equity Investments*. If the Group is not a joint venturer, it accounts for its investment based on the extent of its influence over the joint venture.

(IX) Criteria for Determining Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash refers to cash on hand and deposits that are readily available for payment. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value in the preparation of cash flows statement.

(X) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

1. Translation of Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition, in the functional currency by applying the spot exchange rate at the date of the transaction. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the difference between the spot exchange rate at the balance sheet date and the rate at initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period, except for exchange differences on foreign currency-specific borrowings that are eligible for capitalization and are capitalised as part of the cost of the relevant assets during the capitalization period. Non-monetary items measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction and are not retranslated. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rate at the date the fair value is determined; the difference between the translated functional currency amount and the original functional currency amount is treated as a fair value change (including the effect of exchange rate changes) and recognised in profit or loss or as other comprehensive income.

2. Translation of Foreign Currency Financial Statements

For the Group's subsidiaries, joint ventures, associates, etc., that use a functional currency different from that of the Group, their foreign currency financial statements shall be translated before being incorporated into the Group's accounting records and consolidated financial statements. Assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date. Equity items, except for "Retained Earnings", are translated at the spot exchange rates at the dates of occurrence. Income and expense items in the income statement are translated at the spot exchange rates at the dates of the transactions. Exchange differences arising from such translation are presented as other comprehensive income under the equity section in the balance sheet. Foreign currency cash flows are translated at the spot exchange rates at the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the statement of cash flows. Upon the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in equity is reclassified from equity to profit or loss (as a reclassification adjustment) in full or proportionally to the extent of the disposal.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Financial Instruments

1. Classification, recognition and measurement of financial instruments

(1) Financial assets

The Company classifies financial assets into the following three categories based on the business model for managing financial assets, and the characteristics of contract cash flow of financial assets:

① Financial asset measured at amortized cost. The business model for managing this type of financial assets is aimed at collecting contractual cash flows, and the characteristics of contractual cash flow of this type of financial asset is consistent with the basic borrowings arrangement, i.e., cash flow arising from a specific date is used for paying the principal and the interest for the outstanding principal. Interest income will be recognized subsequently for this type of financial assets through effective interest method.

② Financial assets at fair value through other comprehensive income. The business model for managing this type of financial assets is aimed at collecting contractual cash flows and disposing such financial assets, and the characteristic of contractual cash flow of this type of financial asset is consistent with the basic borrowing arrangement. This type of financial assets will be measured at fair value subsequently, and its changes are included in other comprehensive income, but the interest income, impairment loss, or profits and exchange gains or loss are calculated through effective interest method.

③ Financial assets at fair value through profit or loss. Financial assets held which are not yet categorized at amortized cost or at fair value through other comprehensive income shall be measured at fair value, profit or loss arose (including interest and dividend income) are included in profit or loss. On initial recognition, if the accounting mismatch can be eliminated or minimized, such financial assets can be designated irrevocably as financial assets at fair value through profit or loss. However, such designation is irrevocable once it is made.

For investments in non-trading equity instruments, the Group may, at the time of initial recognition, irrevocably designate it as a financial asset at fair value through other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective. Subsequent measurement is being conducted at fair value for such financial assets, except for dividend (excluding the portion belongs to the investment cost recovered) which is included in profit or loss, other related gains or losses are included in other comprehensive profit or loss, and shall not be transferred to the profit or loss for the current period subsequently.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Financial Instruments (Continued)

1. Classification, recognition and measurement of financial instruments (Continued)

(2) Financial liabilities

On initial recognition, financial liabilities are classified as:

① Financial liabilities at fair value through profit or loss. Subsequent measurement is being conducted at fair value for such financial liabilities, the gains or losses arose are included in profit or loss for the current period.

② Financial liabilities formed when transfer of financial assets does not meet the conditions of derecognition or continues to be involved in the transferred financial assets.

③ Financial liabilities at amortized cost. Such financial liabilities are measured at amortized cost by using the effective interest method.

2. Method for recognition of fair value of financial instruments

If there is an active market for the financial instruments, the quoted prices in the active market shall be used to determine their fair values; if there is no active market for the financial instruments, valuation techniques would be adopted to determine their fair values. In limited cases, if the short-term information used to determine fair value is insufficient, or if the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value in the range, the cost can represent its proper estimate of fair value in the range of distribution. The Group utilises all information available in relation to the performance and operation of the investee after the initial recognition date to determine whether the fair value can be represented by cost.

3. The derecognition of financial instruments

The financial assets will be derecognized if it satisfies any of the following criteria: (1) the contractual rights to collect the cash flows from the financial assets expire; (2) the financial assets have been transferred, and fulfils the criteria for derecognition.

If the present obligation of the financial liabilities is fully or partially released, portion with liabilities released is derecognized. If the present liabilities have been replaced by another financial liabilities from the same creditor but with substantially different terms, or if the terms of the present liabilities have been revised substantively, the present financial liabilities are derecognized, and the new financial liabilities are recognized. Financial assets traded in normal way will be recognized and derecognized on the basis of trading date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) The determination and accounting method of expected credit loss

1. Scope of expected credit loss

Based on expected credit losses, the Group conducts impairment accounting treatment for financial assets at amortized cost (including receivables) and other receivables, and recognizes bad debt provision.

2. The determination method of expected credit loss

The general method for determining expected credit loss is that, at each balance sheet date, the Group assesses whether the credit risk on related financial instrument has increased significantly since initial recognition and divides the process of financial instrument being credit impaired into three stages. Different accounting method would be applied on different stage of impairment on financial instrument: (1) at first stage, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses and calculates the interest income by applying the effective interest rate to its remaining carrying amount (i.e. before impairment allowance); (2) at second stage, the credit risk on a financial instrument has increased significantly since initial recognition but not to the point that it is considered credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to full lifetime expected credit losses and calculates the interest income by applying the effective interest rate to its remaining carrying amount; (3) at third stage, financial instrument is considered credit-impaired since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to full lifetime expected credit losses and calculates the interest income by applying the effective interest rate based on the amortized cost, which is remaining carrying amount less loss allowance.

The simplified method for expected credit loss is to always measure the loss provision based on the amount of full lifetime expected credit losses.

3. Accounting method for expected credit loss

In order to reflect the changes in the credit risk of financial instruments since its initial recognition, the Group re-measures the expected credit loss on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom shall be deemed as impairment loss or gain to be included in profit or loss in the current period. The loss provision is offset against the carrying amount of the financial asset shown on the balance sheet or included in expected liabilities (loan commitments or financial guarantee contracts) based on types of financial instrument.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) The determination and accounting method of expected credit loss (Continued)

4. Measurement of bad debt provision for trade receivables

(1) Trade receivables that excludes significant financing component. For trade receivables that exclude significant financing component arising from transactions regulated by the "ASBE No.14 — Revenue", the Group adopts simplified approach, i.e. always measures the loss provision based on the amount of full lifetime expected credit losses.

The category of portfolio and basis of determination for bad debt provision in accordance with the credit risk characteristics portfolio

Based on the nature of financial instruments, the Group assesses whether there has been a significant increase in credit risk of the financial assets on a collective basis. According to the Group's historical experience, there is no significant variation in loss patterns across different customer segments. Therefore, the Group does not further differentiate between customer groups when calculating the bad debt provision for trade receivables, and categorizes all trade receivables as a single portfolio based on ageing levels. The basis for determining portfolio is as follows:

The expected credit loss rates for the ageing portfolio are as follows:

Aging	The expected credit loss rates for the ageing portfolio (%)
Current (not past due)	1.50
Within 1 year past due	5.00

Note: Ageing is measured from the date when the receivables become past due. In respect of customers with multiple transactions, the ageing profile is determined by calculating the duration between the date of each individual transaction and its subsequent settlement.

(2) Accounts receivable and lease receivable that include significant financing component

For accounts receivable that include significant financing component and lease receivable, the Group measures loss provision based on general approach, i.e. "three stages" model. Credit risk characteristics portfolio, aging methodology for determining credit risk characteristic portfolios on aging and the judgement standards of provision made on individual basis, are consistent with the recognition standard of those exclude financing components.

5. Measurement of loss provision for other financial assets

For financial assets other than the above-mentioned, such as other receivables, long-term receivables other than lease receivable, the Group measures loss provision based on general approach, i.e. "three stages" model.

In assessing whether a financial instrument has been credit-impaired, the Group considers the following factors: significant financial difficulty of the debtor; a breach of contract, such as a default or delinquency in interest or principal payments; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) The determination and accounting method of expected credit loss (Continued)

5. Measurement of loss provision for other financial assets (Continued)

(1) The category of portfolio and basis of determination for bad debt provision in accordance with the credit risk characteristics portfolio

Other receivables are categorized into certain credit risk characteristics portfolio by the Group in accordance with the nature of the payment, expected credit loss is calculated on the basis of portfolio, and the basis for determination of portfolio is as follows:

Category of portfolio	Basis for measurement of expected credit loss
Portfolio 1: ageing portfolio	Calculated by reference to historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions, with the use of a provision matrix reflecting the ageing of other receivables and the lifetime expected credit loss rates
Portfolio 2: Guarantee deposits, deposits and petty cash	Calculated by reference to historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions, with the use of a provision matrix reflecting the ageing of other receivables and the lifetime expected credit loss rates
Portfolio 3: Amounts due from related parties	Calculated by reference to historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions. Based on the exposure at default and the lifetime expected credit loss rate, the expected credit loss rate of this portfolio is determined to be 0%
Portfolio 4: Low credit risk portfolio	Calculated by reference to historical credit loss experience, adjusted for current conditions and forecasts of future economic conditions. Based on the exposure at default and the lifetime expected credit loss rate, the expected credit loss rate of this portfolio is determined to be 0%

(2) Aging methodology for determining credit risk characteristic portfolios on aging

Please refer to the explanation of accounts receivable that excludes significant financing component.

(3) Judgement criteria for provision for bad debts on an individual basis

Please refer to the explanation of accounts receivable that excludes significant financing component.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Inventories

1. Classification of inventories

Inventories refer to the finished goods or goods held for sale in the ordinary course of business of the Group, unfinished products in the process of production, and materials or supplies etc. to be consumed in the production process or in the rendering of services. Inventories mainly include raw materials, revolving materials (such as packages and low-value consumables), unfinished products, self-made semi-finished products, finished products (stock inventory), etc.

2. Accounting method for dispatching inventories

Upon delivery of inventories, the actual cost of such inventories will be determined using the moving weighted average method.

3. Inventory system

Perpetual inventory method is adopted by the Group.

4. Amortization method of low-value consumables and packages

Low-value consumables and packages are amortized using one-off method when utilized.

5. Recognition criteria and provisions for declines in the value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, provisions for declines in the value of inventories are made when the current net realizable value is lower than the cost, and it is made on the basis of single inventory item. The provision for declines in the value of inventories with large quantity and of low unit cost is made according to their inventory classification. If the effect of writing down the value of inventories no longer exists, the provisions for declines in the value of inventories are reversed back to the amount where provisions is originally made.

When determining the net realizable value of inventories, conclusive evidence obtained will serve as the base, the purpose of holding the inventories and the effect of the subsequent event of the balance sheet will also be considered.

(XIV) Contract assets and contract liabilities

1. Contract assets

A contract asset is the Group's right to receive consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The provision for impairment of contract assets is made with reference to recognition method of the expected credit loss set out in the note. Contract assets are categorized into the following portfolios based on their credit risk characteristics:

Portfolio category	Basis for determination
Portfolio 1: Product sales business	Based on business type

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Contract assets and contract liabilities (Continued)

2. Contract liabilities

The obligation of transferring goods or providing services to customer for consideration received or receivable from such customer is listed as contract liabilities. The contract assets and contract liabilities under the same contract are presented on a net basis.

Non-current assets and disposal groups held for sale

1. Recognition criteria and accounting treatment for non-current assets and disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the carrying amount through a sale rather than continuing use and satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year. If relevant regulations require approval from authorities or regulators to sell, the approval should be acquired.

Upon initial measurement or remeasurement of a non-current asset or disposal group classified as held for sale at the end of the reporting period, if its carrying amount exceeds its fair value less costs to sell, the carrying amount shall be written down to the fair value less costs to sell. The amount of such write-down shall be recognized as an impairment loss in profit or loss for the current period, and a provision for impairment of assets held for sale shall be made accordingly.

For any impairment loss recognized for a disposal group held for sale, the amount shall first be allocated to reduce the carrying amount of any goodwill in the disposal group, and then be allocated to other non-current assets within the disposal group that are subject to the measurement requirements of the applicable accounting standards, on a pro-rata basis based on the carrying amount of each such asset.

2. Determination basis and presentation of discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or has been classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Contract assets and contract liabilities (Continued)

2. Contract liabilities (Continued)

Non-current assets and disposal groups held for sale (Continued)

2. Determination basis and presentation of discontinued operations (Continued)

The profit or loss from discontinued operations is listed separately from the profit or loss from continued operations in the statement of profit or loss. The operating profit or loss such as impairment loss and reversal amount from discontinued operations and disposal profit or loss is presented as profit or loss from discontinued operations. The following information regarding discontinued operations is disclosed in the notes to the financial statements: revenue, expenses, profit before tax, income tax expense (credit) and net profit; impairment losses and reversals thereof recognized for the assets or disposal groups of discontinued operations; the total gain or loss on disposal, income tax expense (credit) and net gain or loss on disposal of discontinued operations; net cash flows from operating, investing and financing activities of discontinued operations; and the profit or loss from continuing operations and discontinued operations attributable to owners of the parent.

(XV) Long-term equity investments

1. Criteria for the judgement of common control and significant influence

Joint control refers to the situation where activities that have significant influence on the return of certain arrangement can only be decided by unanimous consent of the parties sharing the control, which include sale and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities. Significant influence refers to the situation where significant influence exists when holding more than 20% but less than 50% of voting capital in an investee, or even if holding less than 20%, significant influence still exists when any of the following conditions is satisfied: having representative at the board of directors or similar governing body of the investee; participating in the policy making of the investee; assigning key management officers to the investee; the investee relying on the technology or technical information of the investing company; conducting major transactions with the investee.

2. Determination of initial investment cost

For a long-term equity investment obtained from business combination under common control, the acquiree's share in the carrying amount of equity in the ultimate controlling party's consolidated financial statements shall be recognized as the initial investment cost of long-term equity investments on the date of combination; for business combination not under common control, the combination cost as determined on the date of acquisition shall be recognized as the initial investment cost of long-term equity investments; for a long-term equity investment acquired by payment of cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for a long-term equity investment acquired from debt restructuring, the initial investment cost is recognized according to relevant requirements under debt restructuring; for a long-term equity investment acquired from exchange of non-monetary assets, the initial investment cost shall be recognized according to relevant requirements under exchange of non-monetary assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XV) Contract assets and contract liabilities (Continued)

3. Subsequent measurement and recognition method of gain or loss

Where the Group has a control over an investee, the long-term equity investment in such investee shall be measured using cost approach. Long-term equity investments in associates and joint ventures shall be measured using equity approach. Where part of the equity investments of the Group in its associates are held indirectly through venture investment institutions, common funds, trust companies or other similar entities including investment linked insurance funds, such part of investments shall be accounted for by the Group according to the relevant requirements of "ASBE 22 — Recognition and Measurement of Financial Instruments", regardless whether the above entities have significant influence on such part of investments, and the remaining shall be measured using equity approach.

(XVI) Fixed assets

1. Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use more than a useful life of one accounting year in the production of goods and supply of services, for rental to others, or for operation purpose. A fixed asset is recognized when it meets the following conditions: it is probable that the economic benefits associated with the fixed asset will flow into the Company; and its cost can be reliably measured.

2. Depreciation method of fixed assets

The fixed assets of the Group mainly comprise: buildings and structures, production equipment, appliances and tools, office equipment, transport facilities and others. The fixed assets are depreciated using the straight-line method. The useful life and estimated net residual value of a fixed asset are determined according to the nature and use pattern of the fixed asset. At the end of each year, the useful life, estimated net residual value and the method of depreciation of the fixed asset will be reviewed, and shall be adjusted accordingly if they differ from previous estimates. The Group makes provision for depreciation for all of its fixed assets other than fully depreciated fixed assets that are still in use and the lands that individually measured and accounted for.

Category of assets	Depreciation method	Limit of year for depreciation (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20	5	4.8
Production equipment	Straight-line method	3-5	0-10	18.00-31.68
Appliances and tools	Straight-line method	4-5	5-10	18.00-23.76
Office equipment	Straight-line method	3-5	0-10	0.00-33.36
Transport facilities	Straight-line method	5-10	0-5	9.48-20.04

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVII) Construction in progress

There are two types of construction in progress for the Group: self-construction and sub-contracting construction. The criteria and time for a construction in progress transferred to fixed assets is when the project is completed and ready for its intended use. A fixed asset is ready for intended use if any of the following criteria is met: the construction (including installation) work of the fixed assets has been completed or substantially completed; the fixed asset has been put into trial production or trial operation and it is evidenced that the asset can operate ordinarily or produce steadily qualified products; or the result of trial operation proves that it can run or operate normally; little or no expenditure will be incurred for construction of the fixed asset; or the fixed asset acquired or constructed has achieved or almost achieved, or is complied with the requirement of design or contract.

(XVIII) Borrowing costs

1. Capitalization of borrowing cost

Borrowing costs directly attributable to the acquisition, construction or origination of assets qualified for capitalization are capitalized as part of the cost of those assets. Other borrowing costs are expensed and charged to current profit or loss at the amount when incurred. Assets qualified for capitalization condition refer to the fixed assets, investment property and inventories, which need a rather long acquisition and construction activities or production activities to reach up to the scheduled available or salable state.

2. Calculation of capitalization amount

The capitalization period refers to the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs is suspended when the acquisition and production activities are interrupted abnormally for a period of more than three months.

For specific borrowings, the capitalized amount shall be the actual interest expense incurred for the specific borrowings, less the interest income from the unused funds of the borrowings deposited in bank or investment income from the temporary investments; and for general borrowings, the weighted average of general borrowings occupied, based on the accumulated expenditure exceeding the capital expenditure from specific borrowings times the capitalization rate of the general borrowings so occupied. The capitalization rate is the weighted average rate of the general borrowings; and for borrowings with discount or premium, the discount or premium was amortized over the term of the borrowings to adjust the interest in every period using effective interest rate method.

The effective interest method is based on the effective interest rate of the borrowings to calculate the amortization of discount or premium or interest expense. The effective interest rate is the rate in discounting the estimated future cash flows to the current carrying amount of the borrowings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets

1. Measurement method of intangible assets

Intangible assets of the Group are initially measured at cost. The actual cost of a purchased intangible asset includes the considerations and relevant expenses paid. The actual cost of an intangible asset contributed by investors is the price contained in the investment contract or agreement. If the price contained in the investment contract or agreements is not a fair value, the fair value of the intangible asset is regarded as the actual cost. The cost of a self-developed intangible asset is the total expenditures incurred in bringing the asset to its intended use.

2. Useful life and its basis of determination, estimation, amortization method or review procedure

Intangible assets with finite useful lives are amortized in accordance with the methods listed in the table below; at the end of each year, the useful lives and amortization policy are reviewed, and adjusted accordingly if there are variance with original estimates; intangible assets with indefinite useful lives are not amortized and the useful lives are reviewed at the end of each year. If there is objective evidence that the useful life of an intangible asset is finite, the intangible asset is amortized using the straight-line method according to the estimated useful life.

The useful life, basis of determination and amortization methods for the intangible assets with finite useful life are as follows:

Category of assets	Useful life (year)	Basis for determining useful life	Amortization method
Land use rights	49.5	Term of land use rights	Straight-line method
Patent rights	20	Expected beneficial period	Straight-line method
Non-patented technology	20	Expected beneficial period	Straight-line method
Software copyrights	3 and 10	Expected beneficial period	Straight-line method

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or it has no definite useful life. The judgement basis of intangible assets with indefinite useful life: derived from the contractual rights or other legal rights but the contract or the law does not specify certain useful life; in light of the conditions of the competitors and the opinions of relevant experts, the specific period that intangible asset generating economic benefits to the Company still cannot be determined.

At the end of each year, the useful life shall be reviewed for those intangible assets with indefinite useful life by mainly using the bottom-up method. The relevant department that uses intangible asset will perform the basic review and evaluate whether there are changes in the basis for judgements of the indefinite useful life, etc.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Intangible assets (Continued)

3. Scope of categorization and relevant accounting treatment on the research and development expenses

The scope of categorization of the research and development expenses of the Group is mainly based on the situation of the research and development project of the Group, and mainly comprises: clinical expenditure, employee remuneration of research and development personnel, entrusted external R&D expenses, direct investment, depreciation and amortization, other expenses, etc.

Expenditure during the research stage of the internal research and development projects is charged to the current profit or loss as incurred. Expenditure during the development stage is transferred to intangible assets if the conditions for recognition of intangible assets are met.

Specific basis for distinguishing research phase and development phase of an internal research and development project: due to the nature of the Group's R&D activities, the criteria for capitalizing relevant costs as assets are generally met only in the late stages of the development phase, when the remaining development costs are minimal. Accordingly, research and development costs are generally recognized as expenses in the period in which they are incurred.

(XX) Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflow.

Once the impairment loss of such assets is recognized, the reversible part will not be reversed in subsequent periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee remuneration

Employee benefits are all forms of rewards or compensation provided by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits mainly include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Accounting treatment on short-term benefits

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognized as liabilities and charged to current profit or loss, or if otherwise required or permitted by ASBEs to costs of assets. At the time of actual occurrence, the Group's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-monetary employee welfare expenses are measured at fair value. With regard to the medical insurance, work-related injury insurance, maternity insurance and other social insurance and housing provident fund contributed and labour union expenses and employee education expenses paid as required by regulations, the Group should calculate and recognize the corresponding employees benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements, recognize the corresponding liabilities in the accounting period in which employees provide service, and record the same in current profit or loss or costs of relevant assets.

2. Accounting treatment on post-employment benefits

During the accounting period in which an employee provides service, the amount payable calculated under defined contribution scheme shall be recognized as a liability and recorded in current profit or loss or in costs of related assets. In respect of the defined benefit scheme, the Group shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in current profit or loss or costs of relevant assets.

3. Accounting treatment on termination benefits

Termination benefits provided to employees by the Group are included as an employee remuneration liability arising from termination benefits, with a corresponding charge to current profit or loss at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Group recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

4. Accounting treatment on other long-term employee benefits

When other long-term employee benefits provided to the employees by the Group satisfied the conditions of defined contribution plans, those benefits shall be accounted for in accordance with the requirements relating to defined contribution plans. In addition, the Group recognizes and measures the net liabilities or net assets of other long-term employee benefits according to relevant requirements of the defined benefit scheme.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXII) Share-based Payments

The Group's share-based payments are transactions in which equity instruments are granted to employees in exchange for services rendered by employees or for the assumption of liabilities based on equity instruments. The Group's share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments.

1. Equity-settled share-based payments

Equity-settled share-based payments to employees

Equity-settled share-based payments to employees in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. The amount of fair value shall be included in related cost or expense by straight-line method, during the vesting period based on the best available estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

At each balance sheet date within the vesting period, the Group revises the quantity of expected exercisable equity instruments on the basis of best estimate made based on subsequent information such as the latest change in number of employees with vesting rights. The effect of aforesaid estimate shall be included in related cost or expense for the current period, with a corresponding adjustment made to capital reserve.

2. Cash-settled share-based payments

Cash-settled share-based payments are measured at the fair value of the liabilities incurred by the Group, which are determined based on the price of the share or other equity instruments. For cash-settled share-based payments that are exercisable immediately upon grant, the relevant costs or expenses are recognized on the date of grant with a corresponding increase in liability. The Group recognizes the services for the period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting at each balance sheet date within the vesting period. Until the liability is settled, the Group re-measures the fair value of the liability at each balance sheet date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

3. Accounting treatment related to implementation, modification and termination of share-based payment arrangement

In case the Group modifies a share-based payment arrangement, if the modification increases the fair value of the equity instruments granted, the Group will include the incremental fair value of the equity instruments granted in the measurement of the amount recognized for services received. If the modification increases the number of the equity instruments granted, the Group will include the fair value of additional equity instruments granted in the measurement of the amount recognized for services received. The increase in the fair value of the equity instruments granted is the difference between fair value of the equity instruments before and after the modification on the date of the modification. If the Group modifies the terms or conditions of the share-based payment arrangement in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group will continue to account for the services received as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXII) Share-based Payments (Continued)

3. Accounting treatment related to implementation, modification and termination of share-based payment arrangement (Continued)

If cancellation of the equity instruments granted occurs during the vesting period, the Group will account for the cancellation of the equity instruments granted as an acceleration of vesting, and recognize immediately the amount that otherwise would have been recognized over the remainder of the vesting period in profit or loss for the period, with a corresponding recognition in capital reserve. When the employee or counterparty can choose whether to meet the non-vesting condition but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

(XXIII) Revenue

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation in the contract is satisfied, i.e. when customer obtained the right to control the relevant goods or services. Obtaining the right to control the relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. A performance obligation represents the contractual commitment that a distinct good shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to receive due to the transfer of goods to customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

The satisfaction of performance obligation over time or at a point in time is determined by contractual terms or relevant law. For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Group recognizes revenue at the point in time at which the customer obtains control of relevant assets.

The Group identifies itself as a principal or an agent when engaging in transactions based on whether the Group has control over the goods or services before transferring the same to customers. If the Group is able to control the goods or services before transferring the same to customers, it shall be the principal and recognize revenue based on the total amount of consideration received or receivable; otherwise, it shall be the agent and recognize revenue based on the amount of commission or handling fees it is entitled to receive, such amount shall be determined at the net amount of the total amount of consideration received or receivable less payables to other relevant parties, or based on a prescribed commission amount or proportion.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

The specific principles and measurement methods for recognition of the Group's revenue based on business categories:

1. Revenue from sales of goods

Contracts for the sale of goods between the Group and its customers generally contain only performance obligations for the transfer of goods. The Group usually recognizes revenue at the time of delivering products to customers pursuant to terms of the contract, taking into account following factors: current right to receive payment from those goods, the transfer of major risks and rewards arising from ownership of such goods, transfer of statutory ownership of those goods, transfer of physical assets of those goods, and the customer's acceptance of such goods.

Revenue recognition methods are stated as follows: revenue is recognized when control of the products has been transferred to the customer, which occurs at the point when the products are delivered to the designated location and the customer has acknowledged receipt, while the Group has a present right to payment or has obtained the unconditional right to receive consideration. Payment terms and conditions vary by customer and are governed by the settlement schedules stipulated in the contracts or purchase orders entered into with customers. Unless specific approval is granted, the Group generally allows a credit period of 60 days from the date of invoice.

2. Agency income

The Group grants exclusive distribution rights for its commercialized products to distributors. Income derived from such exclusive distribution rights is recognized on a straight-line basis over the term of the agency period as specified in the relevant contracts.

(XXIV) Contract costs

Contract cost of the Group includes the incremental costs of obtaining a contract and the cost to fulfill a contract. Incremental costs of obtaining a contract ("costs of obtaining a contract") represent costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

If the costs to fulfill a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract; the costs increase the resources expected to be used in satisfying performance obligations in the future; the costs are expected to be recovered.

The costs to fulfill a contract that the Group will recognize as assets are included in the "inventory" item in the balance sheet if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and shall be included in "other non-current assets" item in the balance sheet if the amortization period is over one year or the normal business cycle at the initial recognition.

The costs to obtain a contract that the Group will recognize as assets are included in the "other current assets" item in the balance sheet if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and shall be included in "other non-current assets" item in the balance sheet if the amortization period is over one year or the normal business cycle at the initial recognition.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Contract costs (Continued)

Assets recognized for the costs to obtain a contract and the costs to fulfill a contract are amortized on the same basis as the revenue recognition of the goods related to the assets and are included in the current profit and loss. The incremental costs of obtaining a contract shall be included in the current profit and loss when incurred if the amortization period of the asset arising from the incremental costs of obtaining a contract is one year or less.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds: remaining amount of consideration the Group expects to receive in exchange for the goods or services to which the asset relates; less the costs that are expected to be incurred for the transfer of relevant goods.

If the depreciation factors in the previous period change subsequently, and the difference between the aforementioned two items is higher than the carrying amount of the asset, the original provision for impairment of the asset should be reversed and included in the current profit and loss, provided that the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the date of reversal under the assumption that no impairment provision is made.

(XXV) Government grants

1. Types of government grants and accounting treatment

Government grants are monetary assets or non-monetary assets (excluding the capital invested by the government as the owner) obtained by the Group from the government for free. A government grant in monetary assets shall be recognized at the amount received or to be received. A government grant in non-monetary assets shall be recognized at its fair value; if the fair value is not reliably measured, the grant is measured at nominal amount.

The government grants related to business activities are recognized as other income in the light of the nature of such business. The government grants non-related to business activities are recognized as non-operating income.

The government grants which are clearly defined in the government documents to be used for acquisition, construction or other project that forms a long-term asset are recognized as asset-related government grants. Regarding the government grant that is not clearly defined in the official documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income. Any government grants related to assets are recognized as deferred income, the amount of which shall be recorded in the current profit or loss in installments with a reasonable and systematic method over the useful lives of relevant assets.

The government grants other than those related to assets are recognized as government grants related to income. The income-related government grants used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in profit and loss for the current period when such expenses are recognized while those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Government grants (Continued)

2. Timing for recognition of government grants

A government grant shall be recognized when the Group fulfills the conditions attaching to the grant and the enterprise can receive the grant. The government grants measured at the amount receivable will be recognized when there is unambiguous evidence suggesting the conformance to related conditions as provided in financial support policies and financial support fund is expected to be received. Other government grants other than those measured at the amount receivable will be recognized at the actual time of receiving such grants.

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Recognition of deferred income tax

Deferred income tax assets or deferred income tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (for items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws, tax base is recognized as the difference) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. Measurement of deferred income tax

A deferred income tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain to deduct from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.

As for taxable temporary difference related to the investments of subsidiaries and associated enterprises, the deferred income tax liabilities shall be recognized unless the Group can control the time for the reversal of temporary differences and such differences are very unlikely to be reversed in the foreseeable future. As for the deductible temporary difference related to investments of subsidiaries and associated enterprises, the deferred income tax assets shall be recognized when such temporary differences are much likely to be reversed in the foreseeable future and the taxable profit are available against which the deductible temporary difference can be utilized.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease

The Group will assess whether a contract is a lease or contains lease on the commencement date of the contract. A contract is a lease or contains lease if a party of the contract transfers the right of use of one or more identified assets for a specified period of time for consideration.

1. Accounting treatment for lessee

On the commencement date of the lease term, the Group recognizes the right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and separately recognizes the depreciation expense and interest expense over the lease term.

(1) Right-of-use assets

At the lease commencement date, the right-of-use is initially measured at cost. The cost of the right-of-use assets shall comprise the amount of the initial measurement of the lease liability; any lease payments made at or before the lease commencement date, less any lease incentives received; any initial direct costs, etc.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation are provided over the estimated remaining useful life of leased asset; if there is no reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation are provided over the shorter of the lease term and the estimated remaining useful life of the leased assets. If the recoverable amount is lower than the carrying amount of the right-of-use asset, its carrying amount shall be written down to the recoverable amount.

(2) Lease liabilities

The lease liability is initially measured at the present value of lease payments that are unpaid at the lease commencement date. Lease payments include fixed payments and amounts to be paid when it is reasonably certain that purchase option or lease termination option will be exercised. Variable lease payments not included in the measurement of lease liabilities are included in the profit or loss for the current period when they are actually incurred.

The Group adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined, the Group's incremental borrowing rate is used. The Group shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into financial expenses. The periodic interest rate refers to the discount rate adopted by the Group or the revised discount rate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

2. Criteria for categorization and accounting treatment for leases in the capacity of lessor

On the lease commencement date, the Group recognizes those leases which substantially all risks and rewards related to the ownership of the leased assets have been effectively transferred as financing leases, leases other than it will be recognized as operating leases.

(1) The accounting treatment of operating leases

The lease payments are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the whole lease term, variable rentals not included in lease payments shall be included as rental income when it is actually incurred.

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Group recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future, and derecognizes financing lease assets. The initial direct costs shall be included in the initial measurement of the finance lease receivables.

(XXVIII) Changes in Significant Accounting Policies and Changes in Accounting Estimates

1. Changes in Significant Accounting Policies

To reflect the fluctuations in inventory costs more objectively and timely, better align with the current operating model, improve the accuracy and comparability of cost accounting treatments and facilitate management decision-making, approved by the directors, the Group has changed the inventory issuance valuation method from the first-in, first-out method to the weighted average method with effect from January 1, 2025. Taking into account factors such as a wide variety of inventories, frequent receipts and issuances, rapid inventory turnover and stable prices of finished goods, in accordance with the provisions of Accounting Standard for Business Enterprises No. 28 — Changes in Accounting Policies and Accounting Estimates and Correction of Errors, as it is impracticable to determine the cumulative effect of this change in accounting policy for prior periods, the prospective application method is adopted for this change in accounting policy, which does not involve retrospective adjustment to the financial statements of prior years.

2. Changes in Significant Accounting Estimates

None.

IV. TAXES

(I) Principal Taxes and Tax Rates

Tax	Tax Base	Tax Rate
Mainland China		
— Value-Added Tax	Sales revenue, taxable services	13%, 6%
— Urban Maintenance and Construction Tax	Actual paid circulating taxes	7%
— Education Surcharge	Actual paid circulating taxes	3%
— Local Education Surcharge	Actual paid circulating taxes	2%
— Property Tax	Taxable value of property	1.2%
— Corporate Income Tax	Taxable income	15%
Hong Kong Profits Tax	Assessable profit	Note 1
United States Profits Tax	Taxable income	Note 2

Note 1: On March 21, 2018, the Legislative Council of Hong Kong passed the Inland Revenue (Amendment) (No. 7) Bill 2017, introducing a two-tier profits tax rate system. The Bill was signed into law on March 28, 2018 and commenced operation the next day. Under the two-tier system, the first HK$2 million of assessable profits of a qualifying corporation is taxed at 8.25%, and profits in excess of HK$2 million are taxed at 16.5%. The Group's Hong Kong subsidiaries applied the two-tier profits tax rate system for the year. As there was no assessable profit for the year, no Hong Kong profits tax was provided for.

Note 2: The Group's U.S. subsidiary is incorporated in California, United States, and is subject to the tax rate prescribed by the local jurisdiction. The effective income tax rate for the year was 21%. As there was no taxable income for the year, no U.S. corporate income tax was provided for.

(II) Significant Tax Incentives and Approvals

Pursuant to the Enterprise Income Tax Law and relevant regulations, enterprises with High and New Technology Enterprise ("HNTE") qualification are entitled to a preferential CIT rate of 15%. The Company obtained the HNTE certificate on October 29, 2024, valid for a period of three years. The Company enjoyed the 15% preferential CIT rate for the years 2024 and 2025.

Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Extending the Enterprise Income Tax Policy for the Western Development (Announcement No. 23 of 2020 issued by the Ministry of Finance), from January 1, 2021 to December 31, 2030, enterprise income tax is levied at a reduced rate of 15% on encouraged industrial enterprises located in the western region. An "encouraged industrial enterprise" refers to an enterprise whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region and whose main business income accounts for more than 60% of the total enterprise income. For the years 2024 and 2025, the Group's subsidiaries in China applied the 15% CIT rate under the Western Development Tax Incentive.

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Monetary funds

Items	Closing balance	Opening balance
Cash on hand		
Bank deposits	**456,766,910.79**	466,636,149.82
Including: term deposit interest	**3,046,734.64**	5,415,591.25
Other monetary funds		
Total	**456,766,910.79**	466,636,149.82
Including: The total amount deposited overseas	**177,395,461.62**	80,276,736.32

Note: There is no limit on the remittance of the Group's overseas deposits.

Restricted monetary funds

Items	Closing balance	Opening balance
Funds frozen under court orders	**25,541,170.74**	8,183,726.18
Accrued interest on term deposits	**3,046,734.64**	5,415,591.25
Total	**28,587,905.38**	13,599,317.43

Note: As at the end of the reporting period, save as the restricted usage disclosed above, there were no other cash and bank balances subject to any restriction on use or potential recovery risks due to being charged, pledged, or frozen.

(II) Held-for-trading financial assets

Items	Closing balance	Opening balance	Reason and basis for the designation
Financial assets measured at FVPL		105,989,480.32	—
Including: Debt instruments investment			—
Equity instruments investment		35,942,000.00	—
Others		70,047,480.32	—
Total		105,989,480.32	—

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable

1. Disclosure by Ageing

Ageing	**Closing balance**	Opening balance
Within 1 year (inclusive)	**6,510,644.00**	23,753,545.88
Of which: 0–3 months (inclusive)	**5,603,444.00**	16,753,822.68
3 months –1 year (inclusive)	**907,200.00**	6,999,723.20
1–2 years (inclusive)	**814,800.00**	
Sub-total	**7,325,444.00**	23,753,545.88
Less: Provision for bad debts	**168,921.70**	601,293.50
Total	**7,156,522.30**	23,152,252.38

2. Disclosure by Classification of Bad Debt Provision Methods

	Closing balance				
	Carrying Balance		**Provision for Bad Debts**		
Category	**Amount**	**Proportion (%)**	**Amount**	**Provision Rate (%)**	**Carrying Value**
Accounts receivable with provision for bad debts individually assessed					
Accounts receivable with provision for bad debts assessed collectively	**7,325,444.00**	**100.00**	**168,921.70**	**2.31**	**7,156,522.30**
Of which: Portfolio 1: Ageing portfolio	**7,325,444.00**	**100.00**	**168,921.70**	**2.31**	**7,156,522.30**
Portfolio 2: Other portfolios					
Total	**7,325,444.00**	**100.00**	**168,921.70**	**2.31**	**7,156,522.30**

	Opening balance				
	Carrying Balance		Provision for Bad Debts		
Carrying Value	Amount	Proportion (%)	Amount	Provision Rate (%)	Carrying Value
Accounts receivable with provision for bad debts individually assessed					
Accounts receivable with provision for bad debts assessed collectively	23,753,545.88	100.00	601,293.50	2.53	23,152,252.38
Of which: Portfolio 1: Ageing portfolio	23,753,545.88	100.00	601,293.50	2.53	23,152,252.38
Portfolio 2: Other portfolios					
Total	23,753,545.88	100.00	601,293.50	2.53	23,152,252.38

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts Receivable (Continued)

2. Disclosure by Classification of Bad Debt Provision Methods (Continued)

(1) Significant accounts receivable with provision for bad debts on an individual basis

None.

(2) Portfolio of accounts receivable with provision made for bad debts using portfolios with credit risk features:

Portfolio 1: Age group

	Closing balance			Opening balance		
Ageing	**Book balance**	**Bad debt provision**	**Provision rate (%)**	Book balance	Bad debt provision	Provision rate (%)
0–3 months (inclusive)	**5,603,444.00**	**82,821.70**	**1.48**	16,753,822.68	251,307.34	1.50
3 months–1 year (inclusive)	**907,200.00**	**45,360.00**	**5.00**	6,999,723.20	349,986.16	5.00
1–2 years (inclusive)	**814,800.00**	**40,740.00**	**5.00**			
Total	**7,325,444.00**	**168,921.70**	**2.31**	23,753,545.88	601,293.50	2.53

3. Provision made for bad debt

		Changes in amounts for the current period				
Type	**Opening balance**	**Provision made**	**Collected or reversed**	**Write-off**	**Other changes**	**Closing balance**
Age group	601,293.50	114,573.70	546,945.50	0	0	168,921.70
Total	601,293.50	114,573.70	546,945.50	0	0	168,921.70

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Prepayments

Prepayments by ageing

Ageing	Closing balance		Opening balance	
	Amount	**Proportion (%)**	Amount	Proportion (%)
Within 1 year	**2,374,096.08**	**66.38**	65,329,749.82	97.40
1–2 years	**761,781.96**	**21.30**	1,714,450.54	2.56
2–3 years	**431,428.33**	**12.06**	20,281.83	0.03
Over 3 years	**9,471.22**	**0.26**	10,000.22	0.01
Total	**3,576,777.59**	**100.00**	67,074,482.41	100.00

(V) Other Receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	**58,865,263.75**	852,101.37
Total	**58,865,263.75**	852,101.37

1. Interest Receivable

None.

2. Dividend Receivable

None.

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other Receivables (Continued)

3. Other Receivables

(1) Disclosure by ageing

Ageing	**Closing balance**	Opening balance
Within 1 year (inclusive)	**79,923,781.67**	840,394.43
1–2 years	**31,203.77**	16,877.44
Sub-total	**79,954,985.44**	857,271.87
Less: Provision for bad debts	**21,089,721.69**	5,170.50
Total	**58,865,263.75**	852,101.37

(2) Disclosure by nature of payments

Nature of Amounts	**Closing balance**	Opening balance
Unredeemed investment proceeds upon maturity (note 1)	**35,144,000.00**	
Current accounts (note 2)	**35,144,000.00**	
Overdue prepayment for equipment procurement (note 3)	**9,212,844.00**	
Patient compensation payable	**215,717.00**	516,347.46
Social insurance and housing fund advanced on behalf	**198,272.55**	292,076.77
Utilities advanced	**31,203.77**	32,089.77
Staff loans	**8,948.12**	16,757.87
Sub-total	**79,954,985.44**	857,271.87
Less: Provision for bad debts	**21,089,721.69**	5,170.50
Total	**58,865,263.75**	852,101.37

Note 1: As at December 31, 2025, the Group's receivables from Entity 1 (an unlisted fund) amounted to US$5,000,000, representing investment in certain non-voting redeemable participating shares of Entity 1 made by Biostar Pharma, Inc., a wholly-owned subsidiary of the Group, in 2024. Pursuant to the subscription letter, the investment period was one year, during which it was presented as "financial assets held for trading". The fund investment was not redeemed upon maturity in November 2025, and was subsequently reclassified to "other receivables". In March 2026, Biostar Pharma, Inc. entered into a settlement agreement with Entity 1, pursuant to which it was agreed that upon the payment of US$2,000,000 by Entity 1, Biostar Pharma, Inc. shall waive its rights to demand the repayment of or to initiate any form of claims against the remaining balance of US$3,000,000. Accordingly, the Group has made a bad debt provision for US$3,000,000 (equivalent to approximately RMB21,086,400) in respect of the waived portion.

Note 2: The other receivables have been fully settled in March 2026.

Note 3: The other receivables have been fully settled in March 2026.

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other Receivables (Continued)

3. Other Receivables (Continued)

(3) Disclosure by classification of bad debt provisions

	Closing balance				
	Book balance		Bad debt provision		
Type	**Amount**	**Proportion (%)**	**Amount**	**Proportion of provision (%)**	**Carrying amount**
Other receivables with provision for bad debts on an individual basis	**79,500,844.00**	**99.43**	**21,086,400.00**	**26.52**	**58,414,444.00**
Other receivables with provision for bad debts using portfolios	**454,141.44**	**0.57**	**3,321.69**	**0.73**	**450,819.75**
Including: Portfolio 1: Age group	**305,826.60**	**0.38**	**3,321.69**	**1.09**	**302,504.91**
Portfolio 2: Other groups	**148,314.84**	**0.19**			**148,314.84**
Total	**79,954,985.44**	**100.00**	**21,089,721.69**	**26.38**	**58,865,263.75**

	Opening balance				
	Book balance		Bad debt provision		
Type	Amount	Proportion (%)	Amount	Proportion of provision (%)	Carrying amount
Other receivables with provision for bad debts on an individual basis					
Other receivables with provision for bad debts using portfolios	857,271.87	100.00	5,170.50	0.60	852,101.37
Including: Portfolio 1: Age group	623,941.10	72.78	5,170.50	0.83	618,770.60
Portfolio 2: Other groups	233,330.77	27.22			233,330.77
Total	857,271.87	100.00	5,170.50	0.60	852,101.37

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other Receivables (Continued)

3. Other Receivables (Continued)

(3) Disclosure by classification of bad debt provisions (Continued)

① Significant other receivable with provision for bad debts on an individual basis

Item	Closing balance Book balance	Bad debt provision	Proportion of provision (%)	Basis
Unredeemed investment proceeds upon maturity	**35,144,000.00**	**21,086,400.00**	**60.00**	Subsequent settlement of outstanding receivables
Current accounts	**35,144,000.00**			Settled subsequently
Overdue prepayment for equipment procurement	**9,212,844.00**			Settled subsequently
Total	**79,500,844.00**	**21,086,400.00**	**26.52**	

② Other receivables with provision for bad debts using portfolios

Portfolio 1: Age group

Ageing	Closing balance Book balance	Bad debt provision	Proportion of provision (%)	Opening balance Book balance	Bad debt provision	Proportion of provision (%)
Within 1 year (inclusive)	**274,622.83**	**3,009.65**	**1.10**	607,063.66	5,001.73	0.82
1–2 years (inclusive)	**31,203.77**	**312.04**	**1.00**	16,877.44	168.77	1.00
Total	**305,826.60**	**1.09**	**3,321.69**	623,941.10	0.83	5,170.50

Portfolio 2: Other groups

Ageing	Closing balance Book balance	Bad debt provision	Proportion of provision (%)	Opening balance Book balance	Bad debt provision	Proportion of provision (%)
Low credit risk portfolio	**148,314.84**			233,330.77		
Total	**148,314.84**			233,330.77		

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other Receivables (Continued)

3. Other Receivables (Continued)

(4) Other receivables for which bad debt provision is made under the general model of expected credit losses

Bad debt provision	Stage 1 Expected credit loss over the next 12 months	Stage 2 Lifetime expected credit loss — not credit impaired	Stage 3 Lifetime expected credit loss — credit impaired	Total
Balance as at January 1, 2025	5,170.50			5,170.50
Balance as at January 1, 2025 after the reassessment for the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	3,165.67		21,086,400.00	21,089,565.67
Reversal for the current period	5,014.48			5,014.48
Cancelled in the current period				
Write-off for the current period				
Other changes				
Balance as at December 31, 2025	3,321.69		21,086,400.00	21,089,721.69

(5) Provision made for bad debt

Type	Opening balance	Changes in amounts for the current period: Provision made	Collected or reversed	Cancelled or write-off	Other changes	Closing balance
Age group	5,170.50	3,165.67	5,014.48			3,321.69
Provision made on an individual basis		21,086,400.00				21,086,400.00
Total	5,170.50	21,089,565.67	5,014.48			21,089,721.69

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Inventories

Items	Closing balance Book balance	Closing balance Provision for declines in the value/ provision for impairment of contract fulfilment costs	Closing balance Carrying amount	Opening balance Book balance	Opening balance Provision for declines in the value/ provision for impairment of contract fulfilment costs	Opening balance Carrying amount
Raw material	**30,878,911.45**		**30,878,911.45**	22,527,044.74	8,110.46	22,518,934.28
Self-made semi-finished products and unfinished products	**9,087,691.96**		**9,087,691.96**	6,191,535.30		6,191,535.30
Stock inventory (finished products)	**5,509,776.75**		**5,509,776.75**	2,691,444.20		2,691,444.20
Others	**17,256.92**		**17,256.92**	17,256.92		17,256.92
Total	**45,493,637.08**		**45,493,637.08**	31,427,281.16	8,110.46	31,419,170.70

(VII) Other Current Assets

Items	Closing balance	Opening balance
Deductible input VAT	**6,032,012.78**	3,709,669.08
Input VAT pending for verification	**140,935.07**	425,866.97
Total	**6,172,947.85**	4,135,536.05

(VIII) Other Non-current Financial Assets

Category	Closing balance	Opening balance
Hangzhou Gongchu Biotechnology Co., Ltd	**35,000,000.00**	35,000,000.00
Total	**35,000,000.00**	35,000,000.00

Note: On December 20, 2024, the Group acquired 4.7619% equity interest in Hangzhou Gongchu Biotechnology Co., Ltd, a private limited company incorporated in the PRC with no quoted market price, at a consideration of RMB35,000,000. Such company is principally engaged in the research and development, production and sales of innovative drugs.

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IX) Fixed Assets

Type	Closing balance	Opening balance
Fixed assets	**72,289,285.82**	66,235,066.00
Disposal of fixed assets	**13,785.46**	
Total	**72,303,071.28**	66,235,066.00

1. Fixed assets

(1) Details of fixed assets

Items	Buildings and structures	Appliance and tools	Transport facilities	Office equipment	Other equipment	Total
I. Original carrying amount						
1. Opening balance	75,416,130.11	20,339,667.65	1,347,989.38	1,863,782.72	18,809,664.29	117,777,234.15
2. Increase in the current period	6,189,305.77	8,900,312.38		12,553.45		15,102,171.60
(1) Acquisition		1,772,296.97		8,798.00		1,781,094.97
(2) Transferred from construction in progress	6,189,305.77	7,128,015.41		3,755.45		13,321,076.63
3. Decrease in the current period		1,368,531.37		136,844.55		1,505,375.92
(1) Disposal or retirement		1,010.00		136,844.55		137,854.55
(2) Transferred to construction in progress		1,367,521.37				1,367,521.37
4. Closing balance	81,605,435.88	27,871,448.66	1,347,989.38	1,739,491.62	18,809,664.29	131,374,029.83
II. Accumulated depreciation						
1. Opening balance	21,510,282.01	15,278,952.59	1,231,595.03	1,516,239.35	12,005,099.17	51,542,168.15
2. Increase in the current period	3,783,353.63	3,225,090.00		154,890.01	1,802,456.61	8,965,790.25
(1) Provision made	3,783,353.63	3,225,090.00		154,890.01	1,802,456.61	8,965,790.25
3. Decrease in the current period		1,300,054.30		123,160.09		1,423,214.39
(1) Disposal or retirement		909.00		123,160.09		124,069.09
(2) Transferred to construction in progress		1,299,145.30				1,299,145.30
4. Closing balance	25,293,635.64	17,203,988.29	1,231,595.03	1,547,969.27	13,807,555.78	59,084,744.01
III. Provision for impairment						
1. Opening balance						
2. Increase in the current period						
3. Decrease in the current period						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount	56,311,800.24	10,667,460.37	116,394.35	191,522.35	5,002,108.51	72,289,285.82
2. Opening carrying amount	53,905,848.10	5,060,715.06	116,394.35	347,543.37	6,804,565.12	66,235,066.00

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IX) Fixed Assets (Continued)

1. Fixed assets (Continued)

(2) As of December 31, 2025, application for property ownership certificate not yet completed

Items	Carrying amount	Reason for application not yet completed
Floor 3	6,103,614.92	Unsettled
Floor 11	3,746,864.66	Unsettled
Floor 12	296,280.12	Unsettled
Wall	676,680.57	Unsettled
Gate bridge	653,751.52	Unsettled
Floor 5	36,761,996.56	Unsettled
Floor 6	3,677,750.95	Unsettled
Floor 7	953,118.50	Unsettled
Floor 8	1,524,922.80	Unsettled
Floor 9	21,491.85	Unsettled
Floor 10	1,895,327.79	Unsettled
Total	56,311,800.24	

2. Disposal of fixed assets

Items	Closing balance	Opening balance
Office equipment and Appliance and tools	**13,785.46**	
Total	**13,785.46**	

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Construction in Progress

Type	Closing balance	Opening balance
Construction in progress Construction materials	**73,441,693.56**	97,489,482.64
Total	**73,441,693.56**	97,489,482.64

(1) Basic situation of projects of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Phase II Project	**75,322,886.10**	**2,370,664.10**	**72,952,222.00**	74,959,917.98		74,959,917.98
Solid Formulation Project	**42,070.81**		**42,070.81**	51,480.81		51,480.81
Equipment to be installed	**214,393.77**		**214,393.77**	16,281,443.96		16,281,443.96
Rainwater Harvesting Tank, Building 17	**58,478.68**		**58,478.68**	58,478.68		58,478.68
Sundry works	**174,528.30**		**174,528.30**	6,138,161.21		6,138,161.21
Total	**75,812,357.66**	**2,370,664.10**	**73,441,693.56**	97,489,482.64		97,489,482.64

(2) Changes in significant projects of construction in progress

Name of project	Budget	Opening balance	Increase in the current period	Transferred to Fixed assets	Decrease in amount in the current period	Closing balance
Phase II Project		74,959,917.98	362,968.12			75,322,886.10
Total		74,959,917.98	362,968.12			75,322,886.10

(3) Provision for impairment of construction in progress projects

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Phase II Project		2,370,664.10		2,370,664.10	Suspension of works for over one year
Total		2,370,664.10		2,370,664.10	

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Construction in Progress (Continued)

(4) Impairment testing for construction in progress

The recoverable amount determined based on the fair value less costs of disposal

Items	Carrying amount	Recoverable amount	Impairment	Determination of fair value and costs of disposal	Key parameters	Basis of determination of key parameters
Phase II Project	75,322,886.10	72,952,222.00	2,370,664.10	Cost approach	Comprehensive construction and installation cost	The pre-tax construction and installation cost as of the reporting date is calculated based on current engineering budget quotas and comprehensive fee rates.
Total	75,322,886.10	72,952,222.00	2,370,664.10			

(XI) Right-of-use Assets

Items	Buildings and structures	Total
I. Original carrying amount		
1. Opening balance	3,388,419.69	3,388,419.69
2. Increase in the current period	1,936,491.34	1,936,491.34
(1) New leases	1,936,491.34	1,936,491.34
3. Decrease in the current period		
(1) Disposal		
4. Closing balance	5,324,911.03	5,324,911.03
II. Accumulated depreciation		
1. Opening balance	2,040,698.28	2,040,698.28
2. Increase in the current period	1,139,374.88	1,139,374.88
(1) Provision made	1,139,374.88	1,139,374.88
3. Decrease in the current period		
(1) Disposal		
4. Closing balance	3,180,073.16	3,180,073.16
III. Provision for impairment		
IV. Carrying amount		
1. Closing carrying amount	2,144,837.87	2,144,837.87
2. Opening carrying amount	1,347,721.41	1,347,721.41

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Intangible Assets

Items		Land use rights	Patent licenses	Unpatented technologies	Trademarks	Total
I.	**Original carrying amount**					
1.	Opening balance	14,983,186.79	4,364,712.09	73,362.85	2,830.19	19,424,091.92
2.	Increase in the current period					
3.	Decrease in the current period					
4.	Closing balance	14,983,186.79	4,364,712.09	73,362.85	2,830.19	19,424,091.92
II.	**Accumulated amortization**					
1.	Opening balance	2,774,664.20	3,651,717.34	37,292.96		6,463,674.50
2.	Increase in the current period	302,690.64	202,677.41	7,336.32		512,704.37
(1)	Provision made	302,690.64	202,677.41	7,336.32		512,704.37
3.	Decrease in the current period					
4.	Closing balance	3,077,354.84	3,854,394.75	44,629.28		6,976,378.87
III.	**Provision for impairment**					
1.	Opening balance					
2.	Increase in the current period					
3.	Decrease in the current period					
4.	Closing balance					
IV.	**Carrying amount**					
1.	Closing carrying amount	11,905,831.95	510,317.34	28,733.57	2,830.19	12,447,713.05
2.	Opening carrying amount	12,208,522.59	712,994.75	36,069.89	2,830.19	12,960,417.42

(XIII) Deferred Income Tax Assets and Deferred Income Tax Liabilities

1. Breakdown of unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	**23,062,213.35**	89,249.63
Deductible loss	**722,376,655.01**	559,846,866.64
Share-based payments	**8,834,872.22**	8,513,440.68
Total	**754,273,740.58**	568,449,556.95

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

2. Deductible losses that are not recognized as deferred income tax assets will expire in the following years

年度	Closing balance	Opening balance	Note
2026	—	49,233,198.77	
2027	**1,981,390.14**	1,981,390.14	
2028	**30,578,342.92**	30,578,342.92	
2029	**113,088,799.26**	113,088,799.26	
2030	**169,233,464.88**	364,965,135.55	
2031 and beyond	**407,494,657.81**	—	
Total	**722,376,655.01**	559,846,866.64	

Note: As the Company has been accredited as a High and New Technology Enterprise, all tax losses of the Company can be carried forward for a maximum period of ten years according to Circular No. 76 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on July 31, 2018. Under the Enterprise Income Tax Law, all tax losses of Chengdu Biostar Pharmaceuticals Co., Ltd* (成都華昊中天藥業有限公司), a wholly-owned subsidiary of the Group in Chinese Mainland, can be carried forward for a maximum period of five years.

(XIV) Other Non-current Assets

	Closing balance			Opening balance		
Items	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Rental deposits	**699,381.30**		**699,381.30**	752,397.30		752,397.30
Gas deposits	**200,000.00**		**200,000.00**	200,000.00		200,000.00
Total	**899,381.30**		**899,381.30**	952,397.30		952,397.30

(XV) Assets with Restricted Ownership or Right-of-use

		Situation at the end of the period		
Items	Book balance	Carrying amount	Restriction type	Restriction
Monetary funds	**28,587,905.38**	**28,587,905.38**	**Frozen, other**	**Note**
Total	**28,587,905.38**	**28,587,905.38**		

Note: As at December 31, 2025, accrued interest on the Group's fixed deposits amounted to RMB3,046,734.64 which had not yet matured, and monetary funds of RMB25,541,170.74 were judicially frozen due to litigation..

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Assets with Restricted Ownership or Right-of-use (Continued)

Items	Situation at the beginning of the period			
	Book balance	Carrying amount	Restriction type	Restriction
Monetary funds	13,599,317.43	13,599,317.43	Frozen, other	
Total	13,599,317.43	13,599,317.43		

(XVI) Accounts Payable

1. Classification by Ageing

Item	Closing balance	Opening balance
Within 1 year (inclusive)	**33,551,421.68**	46,223,354.02
Over 1 year	**20,271,180.72**	2,107,703.19
Total	**53,822,602.40**	48,331,057.21

2. Significant trade payables aged over 1 year or overdue

Name of creditor	Closing balance	Reasons for non-settlement
Party 1	**7,981,733.87**	Settlement period not yet due
Party 2	**7,300,000.00**	Pending litigation
Total	**15,281,733.87**	

(XVII) Contract Liabilities

Item	Closing balance	Opening balance
Exclusive marketing rights	**4,716,981.13**	4,716,981.13
Sales of product	**81,997.16**	
Total	**4,798,978.29**	4,716,981.13

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Employee remuneration payable

1. Employee remuneration payable shown by category

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term remuneration	7,540,371.15	39,706,110.26	44,537,377.34	2,709,104.07
Post-employment benefits-defined contribution plan	150,758.69	4,246,901.98	4,205,332.18	192,328.49
Termination benefits	688,178.50	1,165,051.00	1,874,129.50	-20,900.00
Other benefits due within one year				
Total	8,379,308.34	45,118,063.24	50,616,839.02	2,880,532.56

2. Remuneration of short-term employees

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wage, bonus, allowance and subsidy	7,397,301.35	35,132,471.02	39,818,428.72	2,711,343.65
Employee welfare premium		600,745.25	600,745.25	
Social insurance contributions	156,285.66	2,318,969.49	2,381,410.73	93,844.42
Including: Medical insurance contributions	150,949.31	2,238,112.72	2,301,017.43	88,044.60
Work-related injury insurance contributions	5,161.78	79,834.34	80,393.30	4,602.82
Maternity insurance contributions	174.57	1,022.43		1,197.00
Others				
Housing provident fund contributions	-13,215.86	1,650,626.50	1,733,494.64	-96,084.00
Labor union fund and employee education fund		3,298.00	3,298.00	
Short-term paid absences				
Short-term profit-sharing plans				
Total	7,540,371.15	39,706,110.26	44,537,377.34	2,709,104.07

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Employee remuneration payable (Continued)

3. Defined contribution plan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Pension insurance contributions	142,655.52	4,094,918.07	4,066,766.83	170,806.76
Unemployment insurance contributions	8,103.17	151,983.91	138,565.35	21,521.73
Enterprise annuity contributions				
Total	150,758.69	4,246,901.98	4,205,332.18	192,328.49

(XIX) Taxes payable

Items	Closing balance	Opening balance
Individual income tax	**128,968.29**	371,867.80
Other taxes	**30,383.01**	9,752.56
Total	**159,351.30**	381,620.36

(XX) Other Payables

Item	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	**6,700,119.66**	13,856,726.75
Total	**6,700,119.66**	13,856,726.75

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Other Payables (Continued)

Other Payables by Nature of Amounts

Item	Closing balance	Opening balance
Deposits	**5,630,000.00**	8,003,520.00
Payable government grants	**1,000,000.00**	1,000,000.00
Staff advances	**70,119.66**	1,403,206.75
Service fees to intermediaries		3,450,000.00
Total	**6,700,119.66**	13,856,726.75

(XXI) Non-current Liabilities Due within One Year

Items	Closing balance	Opening balance
Lease liabilities due within one year	**1,047,592.85**	665,219.19
Total	**1,047,592.85**	665,219.19

(XXII) Other Current Liabilities

Items	Closing balance	Opening balance
Output VAT to be carried forward		2,830,188.68
Total		2,830,188.68

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIII) Lease Liabilities

Items	Closing balance	Opening balance
Lease payments	**2,023,079.62**	1,217,962.10
Less: Unrecognized financing fee	**48,085.37**	36,225.19
Less: Lease liabilities due within one year	**1,047,592.85**	665,219.19
Total	**927,401.40**	516,517.72

The lease liabilities are analyzed based on the maturity periods of the remaining undiscounted contractual obligations as follows:

Items	Closing balance	Opening balance
Within 1 year	**1,082,167.20**	692,698.59
1 to 2 years	**664,280.53**	525,263.51
2 to 3 years	**276,631.89**	
Total	**2,023,079.62**	1,217,962.10

(XXIV) Deferred Income

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Funding Project for Introducing Top-notch Innovation and Entrepreneurship Teams under the "Chengdu Rongpiao Plan"	366,156.35		248,123.54	118,032.81	Government grants
Total	366,156.35		248,123.54	118,032.81	

(XXV) Other Non-current Liabilities

Item	Closing balance	Opening balance
Contract liabilities due after more than one year (exclusive marketing rights)	**37,735,849.06**	42,452,830.19
Total	**37,735,849.06**	42,452,830.19

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVI) Share Capital

Items	Opening balance	Movements for the period (+, –) Issue of new shares	Bonus shares	Reserves transferred to shares	Others	Subtotal	Closing balance
Total shares	364,588,000.00						364,588,000.00

(XXVII) Capital Reserve

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share capital premium)	864,233,385.35			864,233,385.35
Other capital reserve	434,030,886.43	8,853,911.41		442,884,797.84
Including: Share-based payments	434,010,117.50	8,853,911.41		442,864,028.91
Others	20,768.93			20,768.93
Total	1,298,264,271.78	8,853,911.41		1,307,118,183.19

(XXVIII) Other Comprehensive Income

Items	Opening balance	Amount for the current period: Amount before income tax for the period	Less: Reclassification adjustments for items previously recognized in OCI transferred to profit or loss for the current period	Less: Reclassification adjustments for items previously recognised in OCI and transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to owners of the parent company, net of tax	Attributable to non-controlling interests, net of tax	Closing balance
Other comprehensive income that may be reclassified to profit or loss								
Exchange differences on translation of foreign operations	13,714.48	–2,088,158.66				–2,088,158.66		–2,074,444.18
Total other comprehensive income	13,714.48	–2,088,158.66				–2,088,158.66		–2,074,444.18

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Undistributed profits

Items	**Amount for the current period**	Amount for the previous period
Unallocated profits at the end of last period before adjustment	**–872,118,334.36**	–728,341,816.02
Total amount of adjustment for unallocated profits at the beginning of the period ("+" for plus; "–" for less)		
Unallocated profits at the beginning of the period after adjustment	**–872,118,334.36**	–728,341,816.02
Add: Net profit attributable to the owners of the parent company for the period	**131,435,108.56**	–143,776,518.34
Capital reserve utilised to offset losses		
Less: Withdrawal of statutory surplus reserves		
Appropriation to discretionary surplus reserve		
Dividend payable on ordinary shares		
Ordinary share dividends converted into share capital		
Unallocated profits at the end of period	**–1,003,553,442.92**	–872,118,334.36

(XXX) Operating Revenue and Cost of Sales

1. Operating revenue and cost of sales

	Current Period		Previous Period	
Item	**Revenue**	**Cost**	Revenue	Cost
Main business	**28,647,279.33**	**2,606,963.38**	71,865,551.56	9,745,139.98
Other business	**4,716,981.13**			
Total	**33,364,260.46**	**2,606,963.38**	71,865,551.56	9,745,139.98

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Operating Revenue and Cost of Sales (Continued)

2. Disaggregation of Operating Revenue and Cost of Sales

	Chengdu Biostar Pharmaceuticals Co., Ltd.	
Revenue Classification	**Operating Revenue**	Cost of Sales
By operating region	**33,364,260.46**	2,606,963.38
Of which: Chinese Mainland	**33,364,260.46**	2,606,963.38
Other regions		
By business category	**33,364,260.46**	2,606,963.38
Of which: Goods sales	**28,647,279.33**	2,606,963.38
Exclusive marketing rights	**4,716,981.13**	
By contract type	**33,364,260.46**	2,606,963.38
Of which: Goods sales contracts	**28,647,279.33**	2,606,963.38
Service contracts	**4,716,981.13**	
By timing of transfer of goods	**33,364,260.46**	2,606,963.38
Of which: Performance over time	**4,716,981.13**	
Performance at a point in time	**28,647,279.33**	2,606,963.38
Total	**33,364,260.46**	2,606,963.38

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Operating Revenue and Cost of Sales (Continued)

3. Statement of Deductions from Operating Revenue

Items	Current year	Specific deduction details	Prior year	Specific deduction details
Amount of operating revenue	**33,364,260.46**		71,865,551.56	
Total amount of operating revenue deduction items				
Percentage of total operating revenue deductions to operating revenue (%)		/	/	
I. Business revenue unrelated to principal business				
1. Other business revenue outside of normal operations (such as revenue from leasing of fixed assets, intangible assets and packaging materials; sales of materials; non-monetary asset exchanges using materials; entrusted management services), and revenue which is recognized as principal business revenue but is outside the normal operations of the listed company.				
2. Quasi-financial business revenue without required qualifications (such as interest income from lending); revenue from new quasi-financial businesses during the current and prior fiscal year such as guarantees, commercial factoring, micro-loans, finance leasing and pawnshops, excluding finance leasing business conducted for the purpose of selling core products.				
3. Revenue generated from new trade businesses during the current and prior fiscal year.				
4. Revenue generated from connected transactions unrelated to the listed company's existing normal operations.				
5. Revenue of subsidiaries acquired through business combinations under common control from the beginning of the period to the date of consolidation.				
6. Revenue generated from businesses that have not formed or are unlikely to form a stable business model.				
Sub-total of business revenue unrelated to principal business				
II. Revenue lacking commercial substance				
1. Revenue generated from transactions or events that do not significantly change the risk, timing, or amount of the enterprise's future cash flows.				
2. Revenue generated from transactions without authentic business substance (such as fictitious revenue implemented through self-dealing or fabricated transactions via internet technology or other methods).				
3. Revenue generated from businesses where transaction prices are clearly unfair.				
4. Revenue generated from subsidiaries or businesses acquired through business combinations during the current fiscal year at clearly unfair consideration or via non-transactional methods				
5. Revenue involved in non-standard audit opinions.				
6. Revenue generated from other transactions or events lacking commercial rationality.				
Sub-total of revenue lacking commercial substance				
III. Other revenue unrelated to principal business or lacking commercial substance				
Amount of operating revenue after deductions	**33,364,260.46**		71,865,551.56	

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXI) Taxes and surcharge

Items	Amount for the current period	Amount for the previous period
Housing property tax	**654,886.36**	631,434.26
Land use tax	**319,999.98**	319,999.98
Tax on vehicle and vessel usage		300.00
Stamp duty	**111,972.21**	83,862.79
Others	**60.49**	179.84
Total	**1,086,919.04**	1,035,776.87

(XXXII) Selling Expenses

Item	Amount for the current period	Amount for the previous period
Marketing promotion expenses	**23,720,142.94**	28,335,026.94
Employee compensation	**4,320,456.84**	26,572,146.58
Share-based compensation	**2,198,374.85**	1,073,047.67
Business entertainment expenses	**248,109.74**	2,727,749.51
Transportation expenses	**205,704.99**	921,622.05
Travel expenses	**203,415.23**	1,768,831.63
Service fees to intermediaries	**121,236.15**	
Communication expenses	**43,819.93**	463,540.45
Office expenses	**19,872.96**	25,408.69
Depreciation expenses	**18,979.64**	28,510.74
Rental expenses		5,000.00
Others	**45.04**	6,207.46
Total	**31,100,158.31**	61,927,091.72

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Administrative Expenses

Item	Amount for the current period	Amount for the previous period
Employee compensation	**14,195,565.28**	13,559,749.86
Service fees to intermediaries	**8,632,537.43**	4,558,048.31
Share-based compensation	**3,422,608.70**	4,412,093.00
Depreciation expenses	**1,945,518.81**	1,795,912.14
Travel and transportation expenses	**1,233,771.79**	451,834.40
Office expenses	**883,341.69**	1,149,579.73
IPO-related expenses	**781,063.74**	24,432,537.47
Legal costs	**676,319.94**	4,778.00
Property management fees	**519,922.86**	173,307.62
Directors' emoluments	**450,000.00**	450,000.00
Water, electricity and gas expenses	**156,621.82**	36,758.04
Business entertainment expenses	**54,151.22**	65,716.54
Amortisation of intangible assets	**35,685.00**	35,685.00
Motor vehicle expenses	**20,537.81**	33,757.88
Communication expenses	**17,695.59**	15,175.98
Repair and maintenance expenses	**17,689.35**	66,679.29
Technical service fees		180,210.64
Others	**1,480,752.25**	915,813.74
Total	**34,523,783.28**	52,337,637.64

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIV) Research and Development Expenses

Item	Amount for the current period	Amount for the previous period
Clinical expenses	**37,724,310.79**	63,455,783.39
Staff costs	**20,099,321.86**	24,962,868.36
Technical service fees	**14,609,714.99**	15,497,653.49
Amortisation of share-based compensation	**3,213,888.68**	2,628,133.75
Depreciation and amortisation	**3,801,104.82**	2,623,270.33
Materials consumed	**–175,909.58**	1,511,847.59
Travel and transportation expenses	**1,293,241.51**	1,125,275.43
Amortisation of water, electricity and gas expenses	**747,220.48**	1,040,589.93
Labour service fees		782,919.65
Patent application and maintenance fees	**620,295.47**	493,960.46
Asset rental and property management fees	**217,697.29**	930,664.04
Office expenses	**346,339.22**	787,517.58
Others	**495,837.69**	451,233.95
Total	**82,993,063.22**	116,291,717.95

(XXXV) Finance Costs

Item	Amount for the current period	Amount for the previous period
Interest expenses	**46,310.02**	55,605.55
Less: Interest income	**4,465,928.17**	2,043,623.96
Exchange losses	**11,688,185.43**	
Less: Exchange gains	**1,509,740.81**	5,541,793.17
Bank charges	**48,498.16**	54,379.97
Other expenses		
Total	**5,807,324.63**	–7,475,431.61

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Other Income

Items	Amount for the current period	Amount for the previous period	Related to assets/ related to income
R&D incentives for foreign-invested enterprises	**800,000.00**		Related to income
Special funds for science and technology program projects	**400,000.00**		Related to income
Talent subsidies	**272,123.54**	453,425.22	Related to income
SME social security subsidies	**83,111.97**	107,915.35	Related to income
Individual income tax rebate	**8,047.16**	103,760.68	Related to income
Employment stabilization subsidies		111,747.03	Related to income
2023 Policy funds for bio-industry ecosystem and supply chain development		1,156,000.00	Related to income
Special subsidies from the Science, Technology and Innovation Bureau		250,000.00	Related to income
Other government grants	**32,181.00**	30,000.00	Related to income
Total	**1,595,463.67**	2,212,848.28	

(XXXVII) Investment Gain

Items	Amount for the current period	Amount for the previous period
Investment gains from financial assets held for trading during the holding period	**237,441.88**	2,723,713.94
Others (term deposit interest)	**11,636,114.69**	13,579,176.41
Total	**11,873,556.57**	16,302,890.35

(XXXVIII) Gains from Changes in Fair Value

Sources of the gains from changes in fair value	Amount for the current period	Amount for the previous period
Held-for-trading financial assets	**–47,480.32**	492,737.45
Total	**–47,480.32**	492,737.45

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIX) Credit Impairment Losses

Items	**Amount for the current period**	Amount for the previous period
Credit impairment losses of accounts receivable	**432,371.80**	–293,512.51
Credit impairment losses of other receivables	**–21,084,551.19**	
Total	**–20,652,179.39**	–293,512.51

(XL) Assets Impairment Losses

Items	**Amount for the current period**	Amount for the previous period
Losses from declines in the inventory value and impairment loss of contract fulfilment costs	**8,110.46**	–288,474.57
Impairment loss of construction in progress	**–2,370,664.10**	—
Total	**–2,362,553.64**	–288,474.57

(XLI) Non-operating Income

Items	**Amount for the current period**	**Amount for the previous period**	**Amount included in non-recurring profit or loss in the current period**
Government grants irrelevant to ordinary activities of the Company	243,000.00	50,000.00	243,000.00
Penalty income	12,979.39		12,979.39
Accounts payable that no longer require payment	2,675,515.02	90,000.00	2,675,515.02
Others	7,024.65	600.05	7,024.65
Total	2,938,519.06	140,600.05	2,938,519.06

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Non-operating Expenses

Items	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss in the current period
Losses from the damage and scrapping of non-current assets		241,862.70	
Donations		9,542.14	
Others	26,483.11	95,821.56	26,483.11
Total	26,483.11	347,226.40	26,483.11

(XLIII) Income Tax Expenses

1. Breakdown of income tax expenses

Items	Amount for the current period	Amount for the previous period
Current income tax expenses		
Deferred income tax expenses		
Others		
Total		

2. Accounting Profit and Income Tax Expense Adjustment Process

Items	Amount
Total profits	–131,435,108.56
Income tax expenses calculated at statutory or applicable tax rate	–19,715,266.28
Impact of different tax rates applicable to subsidiaries	–1,978,193.24
Impact of adjustments to the income tax for the previous periods	
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	42,665.00
Impact of deductible losses from using the deferred income tax assets unrecognized in previous periods	
Impact of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	30,808,275.03
Impact of additional deduction of R&D expenses	–9,157,480.51
Income tax expenses	—

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) Statement of Cash Flows

1. Cash received from operating activities

(1) Cash received from other operating activities

Items	**Amount for the current period**	Amount for the previous period
Government grants	**1,610,756.58**	1,816,497.33
Interest income	**516,482.22**	346,617.44
Patient compensation payable	**309,351.04**	310,752.09
Maternity allowance	**224,860.53**	488,709.82
Receipts from related party — Tang Li (唐莉)	**178,553.38**	
Employee advances	**89,733.28**	1,274,506.38
Supplier refund	**86,601.60**	18,305,084.91
Receipts from related party — Qiu Rongguo	**67,952.90**	
Deposit	**4,594.87**	1,521,243.00
Others		74,723.62
Total	**3,088,886.40**	24,138,134.59

(2) Cash paid for other operating activities

Items	**Amount for the current period**	Amount for the previous period
Payment for fund investment	**35,853,500.00**	
Court-ordered freezing of assets	**17,357,444.56**	8,183,726.18
Professional service fees	**13,596,036.94**	31,964,035.48
Employee reimbursements	**4,513,709.00**	14,377,940.09
Due to related party-Qiu Rongguo	**713,500.00**	
Office expenses	**700,954.04**	600,792.78
Patient compensation payable	**440,372.10**	816,563.91
Due to related party-Tang Li (唐莉)	**427,498.09**	9,251.66
Loans to employees	**165,721.18**	607,818.16
Maternity allowance	**49,920.74**	330,692.94
Bank Charges	**45,358.91**	47,562.74
Talent incentives	**19,200.00**	
Litigation costs	**1,285.00**	
Deposit		1,210,000.00
Others		13,013.11
Total	**73,884,500.56**	58,161,397.05

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) Statement of Cash Flows

2. Cash received from investing activities

(1) Cash from disposal of investment

Items	Amount for the current period	Amount for the previous period
Maturity of term deposit	**561,912,193.23**	569,205,194.73
Redemption of wealth management products upon maturity	**70,000,000.00**	599,708,400.00
Refund of fund subscription	**55,305,558.53**	
Total	**687,217,751.76**	1,168,913,594.73

(2) Cash from investment gains

Items	Amount for the current period	Amount for the previous period
Term deposit interest	**10,862,171.63**	11,945,096.92
Return on wealth management products	**237,441.88**	3,733,053.26
Total	**11,099,613.51**	15,678,150.18

(3) Cash paid for investment

Items	Amount for the current period	Amount for the previous period
Placement of term deposit	**603,374,155.40**	529,109,691.67
Subscription of wealth management product		435,000,000.00
Equity investment — Gongchu		35,000,000.00
Refund of unsuccessful fund subscription		55,622,686.25
Fund Subscription		35,583,291.67
Total	**603,374,155.40**	1,090,315,669.59

3. Cash relating to financing activities

Cash received from capital contributions

Items	Amount for the current period	Amount for the previous period
Funds raised		209,709,437.70
Total		209,709,437.70

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLV) Supplementary Information to the Statements of Cash Flows

1. Supplementary information to the statements of cash flows

Items	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flows from operating activities		
Net profit	**–131,435,108.56**	–143,776,518.34
Plus: Provision for asset impairment	**2,362,553.64**	288,474.57
Credit impairment losses	**20,652,179.39**	293,512.51
Depreciation of fixed assets, depletion of oil and gas assets, depreciation on productive biological assets and investment properties	**8,965,790.25**	7,506,651.48
Depreciation of right-of-use assets	**1,139,374.88**	1,121,131.68
Amortisation of intangible assets	**512,704.37**	1,177,753.32
Amortisation of long-term prepaid expenses		
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)		
Losses from scrapping of fixed assets ("-" for gains)		
Losses on hedge of open position ("-" for gains)		
Losses from changes in fair value ("-" for gains)	**47,480.32**	–492,737.45
Financial expenses ("-" for gains)	**9,937,057.33**	–6,012,683.74
Investment losses ("-" for gains)	**–11,873,556.57**	–16,302,890.35
Decreases in deferred income tax assets ("-" for increases)		
Increases in deferred income tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	**–14,066,355.92**	–3,314,412.54
Decreases in operating receivables ("-" for increases)	**–15,718,005.66**	–13,332,313.59
Increases in operating payables ("-" for decreases)	**–30,876,427.39**	51,741,766.01
Others	**8,834,872.22**	8,513,440.68
Net cash flows from operating activities	**–151,517,441.70**	–112,588,825.76
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents		
Closing balance of cash	**121,198,698.86**	189,714,489.13
Less: opening balance of cash	**189,714,489.13**	38,087,325.98
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	**–68,515,790.27**	151,627,163.15

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLV) Supplementary Information to the Statements of Cash Flows (Continued)

2. Cash or cash equivalents

Items	Closing balance	Opening balance
I. Cash	**121,198,698.86**	189,714,489.13
Including: Cash on hand		
Bank deposits readily available for payment	**121,198,698.86**	189,714,489.13
Other monetary funds readily available for payment		
II. Cash equivalents		
Including: Bond investment maturing within 3 months		
III. Cash and cash equivalents at the end of the period	**121,198,698.86**	189,714,489.13
Including: Cash and cash equivalents restricted for use by the parent or subsidiaries within the Group		

3. Monetary funds not belonging to cash and cash equivalents

Items	Closing balance	Opening balance	Reasons
Accrued interest	**3,046,734.64**	5,415,591.25	Accrued interest on term deposits, not available for withdrawal prior to maturity
Term deposits	**306,980,306.55**	263,322,343.26	No intention for early withdrawal
Funds frozen under court orders	**25,541,170.74**	8,183,726.18	Frozen funds
Total	**335,568,211.93**	276,921,660.69	—

(XLVI) "Others" Item in Statement of Changes in Owners' Equity

None.

V. NOTES TO IMPORTANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVII) Foreign Currency Monetary Items

1. Foreign currency monetary items

Items	Balance in foreign currency at the end of the period	Exchange rate	Balance in RMB converted at the end of the period
Monetary funds			416,107,792.22
Including: USD	59,200,265.98	7.0288	416,106,829.59
HKD	1,065.80	0.9032	962.63
Other receivables			79,500,844.00
Including: USD	10,000,000.00	7.0288	70,288,000.00
HKD	10,200,000.00	0.9032	9,212,844.00

2. Functional currency of significant foreign operations

Significant foreign operations	Principal place of business overseas	Functional currency	Basis of selection
Biostar Pharma,Inc.	U.S.	USD	The currency of the primary economic environment in which the entity operates
SynBio Pharma (Hong Kong) Limited	Hong Kong	HKD	The currency of the primary economic environment in which the entity operates

(XLVIII) Leases

As lessee

Items	Amount
Variable lease payments not included in the measurement of lease liabilities, recognized in the cost of the underlying assets or in profit or loss for the current period	
Including: The portion arising from the sale and leaseback transaction	
Short-term lease expenses accounted for using the practical expedient, recognized in the cost of the underlying assets or in profit or loss for the current period	
Lease expenses for low-value assets accounted for using the practical expedient (excluding short-term lease expenses for low-value assets), recognized in the cost of the underlying assets or in profit or loss for the current period	14,159.29
Total cash outflow related to leases	1,265,021.22

Note: Lease expenses for low-value assets accounted for using the practical expedient relate to an office printer leased by the Company, with expenses settled on a 12-month cycle.

VI. RESEARCH AND DEVELOPMENT EXPENSES

Presented by nature of expenses

Items	Amount for the current period	Amount for the previous period
Clinical trial expenses	**37,724,310.79**	63,455,783.39
Personnel costs	**20,099,321.86**	24,962,868.36
Technical service fees	**14,609,714.99**	15,497,653.49
Depreciation and amortization	**3,801,104.82**	2,623,270.33
Share-based compensation expenses	**3,213,888.68**	2,628,133.75
Materials consumption	**–175,909.58**	1,511,847.59
Transportation and travel expenses	**1,293,241.51**	1,125,275.43
Utilities and energy consumption	**747,220.48**	1,040,589.93
Labor fees		782,919.65
Patent application and maintenance fees	**620,295.47**	493,960.46
Asset leasing	**217,697.29**	930,664.04
Office expenses	**346,339.22**	787,517.58
Others	**495,837.69**	451,233.95
Total	**82,993,063.22**	116,291,717.95
Including: Expensed research and development expenditures	**82,993,063.22**	116,291,717.95
Capitalized research and development expenditures		

VII. CHANGES IN THE CONSOLIDATION SCOPE

None.

VIII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of the Group

Name of subsidiary	Place of principal operation	Registered capital/ contributed capital	Place and date of incorporation	Business nature	Percentage of shareholding (%) Direct	Indirect	Acquisition method
Chengdu Biostar Pharmaceuticals Co., Ltd.* (成都華昊中天藥業有限公司)	Chengdu, the PRC	RMB200 million/ RMB200 million	Chengdu, the PRC /January 26, 2025	Pharmaceutical R&D, manufacturing, and sales and marketing	100.00		Newly established
Biostar Pharma,Inc.	California, the U.S.	USD1 million/ USD1 million	California, the U.S. /April 27, 2022	Pharmaceutical R&D	100.00		Newly established
SynBio Pharma (Hong Kong) Limited	Hong Kong, the PRC	HKD10 million/ HKD10 million	Hong Kong, the PRC/ November 10, 2024	Pharmaceutical sales (not yet commence)	100.00		Newly established

2. Significant non-wholly-owned subsidiaries

None.

3. Material restrictions on the use of assets of the Group and settlement of debts of the Group

None.

4. Information on structured entities included in the scope of consolidated financial statements

None.

(II) Changes in the parent's ownership interest in subsidiaries that do not result in a loss of control

None.

(III) Interests in joint ventures or associates

The Group has no joint ventures and associates.

(IV) Significant joint operations

None.

(V) Information on structured entities not included in the scope of consolidated financial statements

None.

IX. GOVERNMENT GRANTS

(I) Government grants recognized at receivables

None.

(II) Liability items involving government grants

Financial statement line items	Opening balance	New grants received during the period	Amount included in non-operating income during the period	Amount transferred to other income during the period	Other changes during the period	Closing balance	Relating to assets/ revenue
Deferred revenue	366,156.35			248,123.54		118,032.81	Related to income
Total	366,156.35			248,123.54		118,032.81	–

(III) Government grants included in profit or loss for the current period

Item	Amount for the current period	Amount for the previous period
Related to income	**1,838,463.67**	2,262,848.28
Total	**1,838,463.67**	2,262,848.28

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's operating activities expose it to various financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign exchange risk and other price risks). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The financial risks mentioned above and the risk management policies adopted by the Group to mitigate these risks are described below:

(I) Credit Risk

Credit risk refers to losses arising from the failure of customers or counterparties to fulfil their contractual obligations. The Group's credit risk arises primarily from bank balances, trade receivables and other receivables. Management has established credit policies and continuously monitors such credit risks to which the Group is exposed. The Group does not hold any collateral or other credit enhancements to cover credit risk associated with its financial assets. However, the Group's management will consider collateral or other credit enhancements when necessary.

The Group has established a credit risk management policy pursuant to which individual credit assessments are performed for all customers requiring credit exceeding a certain amount. The assessment focuses on the customers' historical payment records and current ability to pay, taking into account the customers' operating data and data relating to the economic environment in which the customers operate. Trade receivables are generally due within 60 days from the date of invoice issuance unless specially approved. The Group generally does not obtain collateral from customers.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Credit Risk (Continued)

Geographically, the Group's significant credit risk is concentrated in the PRC, accounting for 100% of trade receivables as at December 31, 2025 (2024: 100%). Significant credit concentration risk arises when the Group has significant risk exposure to individual customers. As at December 31, 2025, 11.12% (2024: 17.7%) and 31.78% (2024: 43.9%) of the balance of trade receivables were due from the largest customer and the top five customers of the Group's innovative drug sales, respectively.

The Group calculates historical actual bad debt rates for different ageing periods and debtor groups based on historical data. At each reporting date, the Group reassesses the historically observed default rates and considers changes in forward-looking data. There were no changes in the Group's assessment methods and significant assumptions during the period from January 1, 2025 to December 31, 2025.

The Group's bank balances are mainly deposited with reputable banks with high credit ratings. Management considers that there is no significant credit risk and no significant losses from bank defaults are expected.

For trade receivables, contract assets and other receivables, the Group has established relevant policies to control credit risk exposure. The Group assesses customers' creditworthiness based on their financial position, credit history and other factors such as current market conditions, and sets corresponding credit periods. The Group regularly monitors customers' credit records to ensure that the Group's overall credit risk is within a controllable range.

The Group does not provide any guarantees that would expose it to credit risk.

The gross carrying amount of the Group's accounts receivable and the information on expected credit losses are as follows:

Items	**Closing balance**			Opening balance		
	Book balance	**Bad debt provision**	**Expected loss rate**	Book balance	Bad debt provision	Expected loss rate
Current (not past due)	**5,603,444.00**	**82,821.70**	**1.48**	16,753,822.68	251,307.34	1.50
Overdue for 3 months — 1 year	**1,722,000.00**	**86,100.00**	**5.00**	6,999,723.20	349,986.16	5.00
Total	**7,325,444.00**	**168,921.70**	**2.31**	23,753,545.88	601,293.50	2.53

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(II) Liquidity Risk

Liquidity risk is the risk that the Group will be unable to fulfil its financial obligations on maturity. The Group's policy is to regularly monitor liquidity requirements to ensure that it maintains sufficient cash reserves to meet its short-term and long-term liquidity needs.

The Group's financial liabilities are presented based on non-discounted contractual cash flows by the due date as follows:

Items	**Closing balance**				
	Within 1 year	**1–2 years**	**2–3 years**	**Over 3 years**	**Total**
Accounts payable	**33,551,421.68**	**19,924,312.64**	**321,668.08**	**25,200.00**	**53,822,602.40**
Contract liabilities	**4,798,978.29**	**4,716,981.13**	**4,716,981.13**	**28,301,886.80**	**42,534,827.35**
Other payables	**70,119.66**	**3,540,000.00**		**3,090,000.00**	**6,700,119.66**
Lease liabilities	**1,082,167.20**	**664,280.53**	**276,631.89**		**2,023,079.62**
Total	**39,502,686.83**	**28,845,574.30**	**5,315,281.10**	**31,417,086.80**	**105,080,629.03**

Items	Opening balance				
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Accounts payable	46,223,354.02	1,706,448.27	33,334.31	367,920.61	48,331,057.21
Contract liabilities	4,716,981.13	4,716,981.13	4,716,981.13	33,018,867.93	47,169,811.32
Other payables	9,860,270.70	316,371.78	2,668,350.00	1,011,734.27	13,856,726.75
Lease liabilities	692,698.59	525,263.51			1,217,962.10
Total	61,493,304.44	7,265,064.69	7,418,665.44	34,398,522.81	110,575,557.38

(III) Market Risk

1. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group is primarily exposed to fair value interest rate risk relating to fixed bank deposits and cash flow interest rate risk relating to floating rate bank balances and financial assets designated as at fair value through profit or loss. As the directors consider that the fair value interest rate risk arising from fixed bank deposits is not significant in the near term, no sensitivity analysis is presented. The Group currently has no interest rate hedging policy to mitigate interest rate risk; nevertheless, management monitors interest rate risk exposure and will consider hedging significant interest rate risk when necessary. The Group considers that the fair value interest rate risk and cash flow interest rate risk are not significant as current market interest rates are relatively low and stable.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(III) Market Risk (Continued)

2. Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk primarily through bank balances and inter-company receivables denominated in foreign currencies (i.e., currencies other than the functional currency of the relevant businesses). The primary currency exposed to such risk is the U.S. dollar. The Group manages this risk as follows:

The amounts of the Group's foreign financial assets and foreign financial liabilities translated into RMB at the spot exchange rate as of the reporting date are as follows:

Items	**Closing balance**			Opening balance		
	USD	**HKD**	**Total**	USD	HKD	Total
Monetary funds	**416,106,829.59**	**962.63**	**416,107,792.22**	419,588,519.72	30,501.13	419,619,020.85
Held-for-trading financial assets				35,942,000.00		35,942,000.00
Other receivables	**70,288,000.00**	**9,212,844.00**	**79,500,844.00**			
Other payables				862,679.88		862,679.88
Total	**486,394,829.59**	**9,213,806.63**	**495,608,636.22**	456,393,199.60	30,501.13	456,423,700.73

Sensitivity analysis: As at December 31, 2025, assuming all other variables remain constant, a 10% appreciation or depreciation of Renminbi against foreign currencies would result in an increase or decrease in the Group's profit before tax by approximately RMB49,560,863.62 (December 31, 2024: approximately RMB45,642,370.07), in respect of the Group's various foreign currency financial assets and financial liabilities.

The sensitivity analysis and assumed exchange rate movements are applied to the remeasurement of the relevant financial instruments held by the Group at the end of the reporting period that are exposed to foreign exchange risk. The analysis excludes differences arising from the translation of the financial statements of overseas operations into the Group's presentation currency. The analysis is performed on the same basis during the year.

3. Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices other than interest rate risk and foreign exchange risk. The Group is exposed to price risk through investments designated as at fair value through profit or loss for the current period. The Group's investment price risk is mainly concentrated in unlisted equity investments in an entity operating in the pharmaceutical industry and an unlisted fund. In addition, the Group monitors relevant price risk and will consider hedging the risk exposure if necessary.

Except for the sensitivity analysis of unlisted equity investments disclosed in Note "XI. FAIR VALUE", no sensitivity analysis is provided for other investments as their amounts are considered immaterial.

XI. FAIR VALUE

Inputs used in fair value measurement are classified into three levels: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date; Level 2 inputs are observable inputs, either directly or indirectly, for the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs are unobservable inputs for the relevant assets or liabilities. The level of the fair value measurement is determined by the lowest level of input that is significant to the fair value measurement in its entirety.

(I) Analysis of Assets and Liabilities Measured at Fair Value by Fair Value Hierarchy

Items	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Total
Recurring fair value measurement			35,000,000.00	35,000,000.00
Held-for-trading financial assets				
Financial assets classified as at fair value through profit or loss			35,000,000.00	35,000,000.00
Equity instruments investment			35,000,000.00	35,000,000.00

(II) Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters Adopted for Recurring Level 2 Fair Value Measurement Items

Bank wealth management products and structured deposits held by the Group at the end of each reporting period are measured at Level 2 fair value. Among them, the fair value of wealth management products is determined with reference to the quotations published by the relevant banks; the fair value of structured deposits is determined based on the expected rate of return published by the banks or specified in the product prospectuses.

The movements in the balance of Level 2 financial assets measured at fair value through profit or loss of the Group for the year 2025 are as follows:

Items	Amount
Opening balance	70,047,480.32
Purchases during the period	
Fair value changes	
Redemption at maturity	70,047,480.32
Closing balance	

XI. FAIR VALUE (Continued)

(III) Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters Adopted for Recurring and Non-recurring Level 3 Fair Value Measurement Items

Items	Closing Fair Value	Valuation Techniques and Key Input Data	Significant Unobservable Input Data	Relationship Between Unobservable Input Data and Fair Value
Equity instruments investment-Unlisted equity investments	35,000,000.00	Historical cost approach	Not applicable	Not applicable
Equity instruments investment-Unlisted fund		Historical cost approach	Not applicable	Not applicable

(V) Reconciliation Between Opening and Closing Carrying Amounts and Sensitivity Analysis of Unobservable Parameters for Recurring Level 3 Fair Value Measurement Items

The movements in the balance of Level 3 financial assets measured at fair value through profit or loss of the Group for the year 2025 are as follows:

Items	Unlisted Equity Investments	Unlisted Fund
Opening balance	35,000,000.00	35,942,000.00
Purchases during the period		
Fair value changes		
Redemption at maturity		
Exchange gains or losses		
Other changes (Note)		35,942,000.00
Closing balance	35,000,000.00	

Note: The unlisted fund was not redeemable upon maturity in November 2025 and was reclassified to other receivables.

(VI) Policies on Reasons for Transfers Between Levels and Determination of Timing of Transfers for Recurring Fair Value Measurement Items That Occurred during the Period

None.

(VII) Changes in Valuation Techniques and Reasons Therefor Occurred during the Period

There were no changes in valuation techniques adopted by the Group during the year.

(VIII) Fair Value Information of Financial Assets and Financial Liabilities Not Measured at Fair Value

The carrying amounts of financial assets and financial liabilities measured at amortised cost in the Group's financial statements approximate their fair values.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Parent Company of the Company

In the opinion of the directors of the Company, as at December 31, 2025, Ms. Tang Li and Mr. Qiu Rongguo are persons acting in concert and are the joint de facto controllers of the Company.

(II) Information on the Company's Subsidiaries

Please refer to Note "VIII. INTERESTS IN OTHER ENTITIES".

(III) Information on the Company's Joint Ventures and Associates

The Group has no joint ventures or associates.

(IV) Other Related Parties

Name of Other Related Party	Relationship with the Company
Beijing Baygen Technologies Ltd.	Under common control of the same shareholder

(V) Related Party Transactions

1. Related Party Transactions of Purchase and Sale of Goods, Provision and Acceptance of Services

(1) Purchase of Goods/Acceptance of Services

Name of Related Party	Nature of Related Party Transaction	Amount for the current period	Approved Transaction Limit (if applicable)	Exceeded Transaction Limit (if applicable)	Amount for the previous period
Beijing Baygen Technologies Ltd.	Purchase of raw materials	2,668,922.75			

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

2. Key Management Personnel Compensation

Items	Amount for the current period	Amount for the previous period
Key management personnel compensation	**13,129,832.17**	14,027,006.96

The Group's key management personnel for the year included 15 individuals (2024: 13), comprising senior management, directors and supervisors, of whom 13 (2024: 11) received compensation from the Group.

Name	Director's fee	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
Executive directors						
Dr. Tang Li (唐莉)		**2,338,260.00**			**3,568,747.21**	**5,907,007.21**
Dr. Qiu Rongguo		**2,232,588.00**				**2,232,588.00**
Mr. Zhang Cheng		**600,962.00**		**43,489.44**		**644,451.44**
Dr. Guan Jin		**1,177,224.35**		**68,081.28**	**840,151.88**	**2,085,457.51**
Independent non-executive directors						
Dr. Meng Songdong	**150,000.00**					**150,000.00**
Ran Dong	**37,500.00**					**37,500.00**
Qi Jingyao	**37,500.00**					**37,500.00**
Shiu Shu Ming	**112,500.00**					**112,500.00**
Ye Chengang	**112,500.00**					**112,500.00**
Non-executive directors						
Zhu Pai						
Tang Jin		**274,017.00**	**22,411.00**			**296,428.00**
Dai Xuefen		**663,712.49**		**68,081.28**		**731,793.77**
Supervisors						
Zhang Shufeng		**–**				**–**
Zhou Quan		**231,602.00**		**38,219.04**	**11,041.50**	**280,862.54**
Kong Rixiang		**433,162.42**		**68,081.28**		**501,243.70**

Note:

1. Ran Dong resigned as an independent non-executive Director of the Company in April 2025.
2. Qi Jingyao resigned as an independent non-executive Director of the Company in March 2025.
3. Zhu Pai resigned as a non-executive Director of the Company in May 2025.
4. Shiu Shu Ming and Ye Chengang were appointed as the independent non-executive Directors of the Company in May 2025.
5. Dai Xuefen was appointed as a non-executive Director of the Company in May 2025.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

2. Key Management Personnel Compensation (Continued)

(Continued): Amount for the previous year

Name	Director's fee	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
Executive directors						
Dr. Tang Li (唐莉)		1,952,955.00	100,500.00		4,450,591.39	6,504,046.39
Dr. Qiu Rongguo		1,898,713.00	100,500.00			1,999,213.00
Mr. Zhang Cheng		564,938.00	130,500.00	41,607.04		737,045.04
Dr. Guan Jin		1,098,551.19	295,500.00	66,407.04	1,416,636.09	2,877,094.32
Independent non-executive directors						
Wang Lixin	112,500.00					112,500.00
Meng Songdong	150,000.00					150,000.00
Ran Dong	150,000.00					150,000.00
Qi Jingyao	37,500.00					37,500.00
Non-executive directors						
Zhu Pai						
Tang Jin		262,614.00	76,000.00			338,614.00
Supervisors						
Zhang Shufeng		–				–
Zhou Quan		223,197.00	45,500.00	37,338.24	259,243.50	565,278.74
Kong Rixiang		418,808.43	70,500.00	66,407.04		555,715.47

Top Five Highest Paid Individuals for the Year

The top five highest paid individuals of the Group for the year 2025 included 3 directors (2024: 3 directors). The aggregate compensation paid to the other 2 individuals for the year (2024: 2) is presented below:

Items	**Amount for the current period**	Amount for the previous period
Salaries, allowances and benefits in kind	**1,878,045.45**	1,966,412.56
Performance bonuses	**76,320.00**	120,500.00
Contributions to retirement benefit plans	**111,570.72**	108,014.08
Equity-settled share-based payments	**4,920,738.23**	3,066,289.44
Total	**6,986,674.40**	5,261,216.08

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(V) Related Party Transactions (Continued)

2. Key Management Personnel Compensation (Continued)

The remuneration bands of the remaining highest paid individuals are as follows:

Remuneration Band	Number of Persons 2025	Number of Persons 2024
RMB1,500,001 to RMB2,000,000		1
RMB2,000,001 to RMB2,500,000		
RMB2,500,001 to RMB3,000,000		
RMB3,000,001 to RMB3,500,000	**1**	1
RMB3,500,001 to RMB4,000,000	**1**	

(VI) Outstanding Balances with Related Parties Including Receivables and Payables

1. Receivable Items

Item Name	Related Party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	Dr. Tang Li	**1,259.04**		2,377.02	
Total		**1,259.04**		2,377.02	

2. Payable Items

Item Name	Related Party	Closing balance	Opening balance
Other payables	Dr. Qiu Rongguo	**249.10**	718,911.88
Other payables	Dr. Tang Li		143,768.00
Total		**249.10**	862,679.88

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(VII) Related Party Commitments

None.

XIII. SHARE-BASED PAYMENTS

On October 30, 2020, an employee share incentive scheme was approved by the board of directors, according to which 28,285,670 shares of RSUs in sum would be granted by the Company to eligible employees of the Group and Dr. Tang Li was authorised to implement the share incentive scheme including but not limited to determining batches and vesting conditions, number of RSUs and prices granted to each employee, making adjustments to the share incentive scheme, etc.

Dr. Tang Li or other designated employees repurchased 374,490 shares and 378,740 shares for 2025 and 2024 respectively of the above-mentioned RSUs granted by the Company from previous employees who resigned from the Group at the pre-determined price lower than fair value, which constituted new share-based payments.

(I) Terms and Conditions of Grant

Items	Quantity	Vesting Conditions	Vesting Period	Subscription Price
Restricted Share Units granted to Directors:				
2020 Batch 1	2,549,500.00	Note	36 months	RMB0.2–5
2020 Batch 2	865,000.00	Note	60 months	RMB0.47
2021 Batch 1	924,000.00	Note	36 months	RMB0.2–4.47
2022 Batch 1	4,126,960.00	None	12 months	RMB0–5
2022 Batch 2	1,610,000.00	Note	36/51 months	RMB0–5
2022 Batch 3	250,000.00	Note	60 months	RMB5
2023 Batch 1	260,460.00	None	12 months	RMB0.17–4.5
2023 Batch 2	150,000.00	Note	36 months	RMB5
2024 Batch 1	378,740.00	None	12 months	RMB0–4.5
2025 Batch 1	159,600.00	Note	12 months	RMB1.71–5
Restricted Share Units granted to Employees:				
2020 Batch 1	4,516,000.00	Note	36 months	RMB0.2–5
2021 Batch 1	3,829,000.00	Note	36 months	RMB0.2–4.47
2022 Batch 2	3,925,820.00	Note	36 months	RMB0–5
2022 Batch 3	150,000.00	Note	60 months	RMB5
2023 Batch 2	283,530.00	Note	36 months	RMB4.48–6
2025 Batch 1	214,890.00	Note	12 months	RMB1.71–5

Note: Vesting of restricted shares is subject to certain performance conditions, including length of service, performance targets and completion of the listing of the Company's shares.

XIII. SHARE-BASED PAYMENTS (Continued)

(II) Number and Subscription Price of Outstanding Restricted Share Units

Items	2025	2024
As at 1 January	**3,793,930.00**	5,327,670.00
Granted during the period	**374,490.00**	378,740.00
Exercised during the period		
Vested during the period	**–483,855.00**	–760,460.00
Lapsed during the period	**–450,130.00**	–1,152,020.00
As at 31 December	**3,234,435.00**	3,793,930.00
Subscription price per restricted share unit as at 31 December	**RMB0–5**	RMB0–5

(III) Fair Value and Assumptions

Fair Value and Assumptions of Restricted Share Units	2022 Share Incentive Batch	2023 Share Incentive Batch	2024 Share Incentive Batch	2025 Share Incentive Batch
Fair value per unit on grant date	14.72	16.18	16.18	14.72、16.18
Discount rate	12.00%	13.00%	13.00%	12%、13%
Expected dividends				

(IV) Various Equity Instruments

Share Options or Other Equity Instruments Outstanding at Period End

Category of Grantee	Share Options Outstanding at Period End		Other Equity Instruments Outstanding at Period End	
	Range of Exercise Prices	Remaining Contractual Life	Range of Exercise Prices	Remaining Contractual Life
Employee Share Incentive Plan 2020 Batch 1	Not applicable	Expired		
Employee Share Incentive Plan 2020 Batch 2	Not applicable	Expired		
Employee Share Incentive Plan 2021 Batch 1	Not applicable	Expired		
Employee Share Incentive Plan 2022 Batch 1	Not applicable	Expired		
Employee Share Incentive Plan 2022 Batch 2	Not applicable	Expired		
Employee Share Incentive Plan 2022 Batch 3	Not applicable	15 months		
Employee Share Incentive Plan 2023 Batch 1	Not applicable	Expired		
Employee Share Incentive Plan 2023 Batch 2	Not applicable	7–8 months		
Employee Share Incentive Plan 2024 Batch 1	Not applicable	Expired		
Employee Share Incentive Plan 2025 Batch 1	Not applicable	2–9 months		

Note: The remaining contractual life refers to the 'lock-up period' as stipulated therein. Upon the expiry of the lock-up period, the shares may only be unlocked subject to the satisfaction of the prescribed conditions and the completion of relevant procedures. As of December 31, 2025, none of the shares have been unlocked.

XIII. SHARE-BASED PAYMENTS (Continued)

(V) Equity settled share-based payments

Recipients of equity-settled share-based payments	Senior management and core employees
Method for determining fair value of equity instruments on grant date	Income approach
Significant parameters for fair value of equity instruments on grant date	Future cash flows of the enterprise, discount rate, growth rate
Basis for determining the number of exercisable equity instruments	Best estimate of expected exercisable number
Reason for material difference between current period estimate and prior period estimate	Not applicable for the current period
Cumulative amount of equity-settled share-based payments recognised in capital reserves	442,864,028.91
Total expenses recognised for equity-settled share-based payments during the period	8,853,911.41

There were no material differences between the Group's estimates for the current period and those for the prior period.

(VI) Share-based payments during the period

Granting object	Equity-settled share-based payments	Cash-settled share-based payments
Research and development expenses	3,213,888.68	
Selling expenses	2,198,374.85	
Administrative expenses	3,422,608.71	
Inventory	19,039.17	
Total	8,853,911.41	

(VII) Modifications to and terminations of share-based payment arrangements

None.

XIV. COMMITMENTS AND CONTINGENCIES

(I) Commitments

Capital Commitments

Commitments for the acquisition and construction of non-current assets contracted for but not recognised in the financial statements are as follows:

Item	Closing balance	Opening balance
Commitments for the acquisition and construction of non-current assets contracted for but not recognised in the financial statements	**1,907,220.00**	3,780,199.50
Total	**1,907,220.00**	3,780,199.50

(II) Contingencies

As at December 31, 2025, there were no material contingencies for the Group.

XV. EVENTS AFTER THE BALANCE SHEET DATE

(I) Material Non-adjusting Events

None.

(II) Profit Appropriation

None.

(III) Sales Returns

None.

(IV) Other Explanations of Events After the Balance Sheet Date

None.

XVI. OTHER MATERIAL EVENTS

(I) Prior Period Accounting Errors

None.

(II) Annuity Plan

None.

(III) Discontinued Operations

None.

(IV) Segment Reporting

1. Basis for Determination of Segment Reporting and Accounting Policies

The Group manages its operations on an integrated basis, consistent with the internal reporting to the Group's highest executive management (the chief operating decision maker) for the purposes of resource allocation and performance assessment. The Group determines its reportable segments based on the types of products provided. The directors of the Company have determined that the Group has only one operating and reportable segment, being the research and development, manufacture and sales of innovative drugs. As this is the Group's only operating segment, no segment information is required to be presented other than disclosures for the entity as a whole.

As the Group's revenue and operating loss are mainly derived from operations in China, and all its non-current assets and capital expenditures are located/incurred in China, no geographical information is required to be presented.

2. Major Customer Information

Revenue from customers accounting for over 10% of the Group's total revenue for the respective years is as follows:

Item	**2025**	2024
Customer A	**3,845,878.42**	3,932,053.60

XVII. NOTES TO THE MAJOR ITEMS IN THE PARENT'S FINANCIAL STATEMENTS

(I) Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	**50,441.16**	69,294.06
Total	**50,441.16**	69,294.06

1. Other receivables disclosed by ageing

Ageing	Closing balance	Opening balance
Within 1 year (inclusive)	**51,216.75**	70,069.65
Subtotal	**51,216.75**	70,069.65
Less: Bad debt provision	**775.59**	775.59
Total	**50,441.16**	69,294.06

2. Other receivables classified by nature of the payments

Nature of payments	Closing balance	Opening balance
Loans to employees	**1,259.04**	11,323.65
Social security contributions paid on behalf of employees	**49,957.71**	58,746.00
Subtotal	**51,216.75**	70,069.65
Less: Bad debt provision	**775.59**	775.59
Total	**50,441.16**	69,294.06

XVII. NOTES TO THE MAJOR ITEMS IN THE PARENT'S FINANCIAL STATEMENTS (Continued)

(I) Other receivables (Continued)

3. Disclosure of other receivables by bad debt provision method

	Closing balance				
	Book balance		Bad debt provision		
Type	**Amount**	**Proportion (%)**	**Amount**	**Proportion of provision (%)**	**Carrying amount**
Other receivables with provision for bad debts on an individual basis					
Other receivables with provision for bad debts using portfolios	**51,216.75**	**100.00**	**775.59**	**1.51**	**50,441.16**
Including: Portfolio 1: Age group					
Portfolio 2: Other groups	**51,216.75**	**100.00**	**775.59**	**1.51**	**50,441.16**
Total	**51,216.75**	**100.00**	**775.59**	**1.51**	**50,441.16**

	Opening balance				
	Book balance		Bad debt provision		
Type	Amount	Proportion (%)	Amount	Proportion of provision (%)	Carrying amount
Other receivables with provision for bad debts on an individual basis					
Other receivables with provision for bad debts using portfolios	70,069.65	100.00	775.59	1.11	69,294.06
Including: Portfolio 1: Age group					
Portfolio 2: Other groups	70,069.65	100.00	775.59	1.11	69,294.06
Total	70,069.65	100.00	775.59	1.11	69,294.06

XVII. NOTES TO THE MAJOR ITEMS IN THE PARENT'S FINANCIAL STATEMENTS (Continued)

(I) Other receivables (Continued)

3. Disclosure of other receivables by bad debt provision method

(1) Other receivables with provision for bad debts using portfolios

Other groups

	Closing balance			Opening balance		
Ageing	**Book balance**	**Bad debt provision**	**Proportion of provision (%)**	Book balance	Bad debt provision	Proportion of provision (%)
Credit risk portfolio	**51,216.75**	**1.51**	**775.59**	70,069.65	1.11	775.59
Low credit risk portfolio						
Total	**51,216.75**	**1.51**	**775.59**	70,069.65	1.11	775.59

4. Other receivables for which bad debt provision is made under the general model of expected credit losses

Bad debt provision	**Stage 1 Expected credit loss over next 12 months**	**Stage 2 Lifetime expected credit loss — not credit impaired**	**Stage 3 Lifetime expected credit loss — credit impaired**	**Total**
Balance as at January 1, 2025	775.59			775.59
Balance as at January 1, 2025 after the reassessment for the current period				
— Transfer to Stage 2				
— Transfer to Stage 3				
— Transfer back to Stage 2				
— Transfer back to Stage 1				
Provision for the current period				
Reversal for the current period				
Cancelled in the current period				
Write-off for the current period				
Other changes				
Balance as at December 31, 2025	775.59			775.59

XVII. NOTES TO THE MAJOR ITEMS IN THE PARENT'S FINANCIAL STATEMENTS (Continued)

(I) Other receivables (Continued)

5. Provision made for bad debt

Type	Opening balance	Changes in amounts for the current period: Provision made	Collected or reversed	Write-off or cancelled	Other changes	Closing balance
Other groups	775.59					775.59
Total	775.59					775.59

6. Other receivables actually written off during the current period

None.

(II) Long-term equity investment

Items	Closing balance: Book balance	Closing balance: Impairment provision	Closing balance: Carrying amount	Opening balance: Book balance	Opening balance: Impairment provision	Opening balance: Carrying amount
Investment in subsidiaries	**584,917,692.25**		**584,917,692.25**	545,738,775.13		545,738,775.13
Total	**584,917,692.25**		**584,917,692.25**	545,738,775.13		545,738,775.13

Investment in subsidiaries

Investees	Opening balance (carrying amount)	Opening balance of impairment provision	Increase or decrease during the period: Additional investment	Divestment	Impairment provision made	Others	Closing balance (carrying amount)	Closing balance of impairment provision
Subsidiaries:								
Chengdu Biostar Pharmaceuticals Co., Ltd.* (成都華昊中天藥業有限公司)	481,071,375.13					3,325,417.12	484,396,792.25	
Biostar Pharma, Inc.	64,667,400.00						64,667,400.00	
SynBio Pharma (Hong Kong) Limited			35,853,500.00				35,853,500.00	
Total	545,738,775.13		35,853,500.00			3,325,417.12	584,917,692.25	

Note 1: The Company granted equity-settled share-based payments to its subsidiary, Chengdu Biostar Pharmaceuticals Co., Ltd., in the amount of RMB3,325,417.12.

Note 2: In 2025, the Company paid RMB35,853,500.00 to its subsidiary, SynBio Pharma (Hong Kong) Limited, representing the settlement of paid-in capital and capital premium.

XVII. NOTES TO THE MAJOR ITEMS IN THE PARENT'S FINANCIAL STATEMENTS (Continued)

(III) Investment income

Items	**Amount for the current period**	Amount for the previous period
Investment income recognized from financial assets held for trading during the holding period		504,777.77
Others (term deposit interest)	**9,657,657.14**	10,801,006.63
Total	**9,657,657.14**	11,305,784.40

XVIII. SUPPLEMENTARY INFORMATION

(I) Breakdown of non-recurring gains and losses for the year

Items	Amount for the current period	Amount for the previous period	
		Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)			
2. Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	1,838,463.67	2,262,848.28	2,262,848.28
3. Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation			
4. Capital occupation fee received from non-financial entities included in current profit or loss			
5. Gain or loss on entrusted investments or assets under management			
6. Gains or losses from entrusted loans			
7. Losses on assets due to force majeure events, such as natural disasters			
8. Reversal of the provision for impairment of receivables which are tested individually for impairment			
9. Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures			
10. Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control			
11. Gain or loss on exchange of non-monetary assets			
12. Gain or loss on debt restructuring			
13. One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses			
14. One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations			
15. One-off share-based payments recognized for cancellation and modification of equity incentive plans			
16. For cash-settled share-based payments, gain or loss arising from changes in fair value of employee benefits payable after the vesting date			
17. Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement			
18. Gain from transactions with obviously unfair transaction price			
19. Gain or loss on contingencies which are not related to the Company's normal operation			
20. Entrusted fee income from entrusted operations			
21. Other non-operating income and expenses apart from the aforesaid items	2,669,035.95	–256,626.35	–256,626.35
22. Other gain or loss items meeting the definition of non-recurring gains or losses			
Less: Effect of income tax			
Effect of non-controlling interests (after tax)			
Total	4,507,499.62	2,006,221.93	2,006,221.93

XVIII. SUPPLEMENTARY INFORMATION (Continued)

(II) Return on Net Assets and Earnings Per Share

Profit for the Reporting Period	Weighted Average Return on Net Assets (%)		Earnings Per Share			
			Basic Earnings Per Share		Diluted Earnings Per Share	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Net profit attributable to ordinary shareholders of the Company	–17.96	–20.69	–0.36	–0.41	–0.36	–0.41
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	–18.58	–20.98	–0.37	–0.41	–0.37	–0.41

Beijing Biostar Pharmaceuticals Co., Ltd.
March 30, 2026

The notes to the Financial Statements from page 129 to page 215 are signed by the following persons in charge:

Legal representative:	**Person in charge for accounting work:**	**Person in charge of the accounting firm:**
Signature:	Signature:	Signature:
Date:	Date:	Date:

Four-year Financial Summary

	For the year ended December 31,			
	2022	2023	2024	**2025**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Operating results				
Revenue	32,820	66,635	71,866	**33,364**
Research and development expenses	(82,739)	(126,537)	(116,292)	**(82,993)**
Selling expenses	(97,910)	(95,397)	(61,926)	**(31,100)**
Administrative expenses	(51,463)	(43,868)	(52,338)	**(34,524)**
Loss for the Year	(160,511)	(189,644)	(143,776)	**(131,435)**

	As at December 31,			
	2022	2023	2024	**2025**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Financial position				
Non-current assets	121,668	138,814	213,985	**196,237**
Current assets	804,670	633,530	699,258	**578,032**
Non-current liabilities	6,688	5,440	43,336	**38,782**
Current liabilities	51,725	43,743	79,161	**69,409**
Net assets	867,925	723,161	790,746	**666,078**

Definitions

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

"Accountants' Report"	the accountants' report set out in Appendix I to the prospectus
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AFRCO"	the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"AGM"	the annual general meeting of the Company to be held at 1202B, 12/F, Building 3, No. 22 Ronghua Middle Road, Beijing Economic-Technological Development Area, Beijing, PRC on Friday, June 26, 2026 at 3:00 p.m.
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Baygen"	Beijing Baygen Technologies Ltd.* (北京北進緣科技有限公司), a foreign-invested limited liability company incorporated under the laws of the PRC on September 29, 2011, a member of our Single Largest Group of Shareholders
"Board" or "Board of Directors"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CDE"	Center for Drug Evaluation of the National Medical Products Administration
"Chengdu Biostar"	Chengdu Biostar Pharmaceuticals Co., Ltd.* (成都華昊中天藥業有限公司), a limited liability company established in the PRC on January 26, 2015, and a wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company", "our Company" or "the Company"	Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司), a joint stock company established in the PRC on May 8, 2021, or, where the context requires (as the case may be), its predecessor, Beijing Biostar Biotechnology Co., Ltd.* (北京華昊中天生物技術有限公司), a limited liability company established in the PRC on July 11, 2002
"Compliance Adviser"	Maxa Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules, and for the purpose of the prospectus, our core product refers to Utidelone Injection, with Utidelone being its active ingredient
"Corporate Governance Code"	the "Corporate Governance Code" set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules
"CRO"	contract research organization
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSO(s)"	contract sales organization(s) of the Company
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Non-Competition"	the deed of non-competition (不競爭契據) dated October 21, 2024 entered into by Dr. Tang Li and Dr. Qiu Rongguo in favor of our Company (for our Company and as trustee for each of our subsidiaries)
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"EIT"	enterprise income tax
"Extreme Conditions"	extreme conditions as announced by the Government of Hong Kong
"FDA"	the Food and Drug Administration of the United States

"General Rules of HKSCC"	the terms and conditions regulating the use of CCASS as may be amended or modified from time to time and where the context so permits, shall include the CCASS operational procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice
"Group", "our", "our Group", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing and permission to deal in on the Stock Exchange
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"CASBE"	Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China
"HKSCC Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Independent Third Party"	a person or entity who is not a connected person of the Company under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDA"	new drug application
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration and the China Food and Drug Administration)
"Nomination Committee"	the nomination committee of our Board
"non-small cell lung cancer"	non-small cell lung cancers, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung carcinoma
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NRDL"	the National Reimbursement Drug List of China
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PCT"	the Patent Cooperation Treaty
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, which was last amended on December 29, 2023 and became effective on July 1, 2024, as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC IP Consultant"	Lung Tin Law Firm
"PRC Legal Advisor"	Beijing DeHeng Law Offices, our legal advisor as to PRC law
"prospectus"	the prospectus of the Company dated October 23, 2024
"Province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Reporting Period"	the financial year ended December 31, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)

"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"Securities and Futures Ordinance" or "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 the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Foreign Shares"	ordinary share(s) issued by the Company with a nominal value of RMB1.0 each which is/are held by foreign investors and not listed on any stock exchange
"Unlisted Shares"	Domestic Shares and Unlisted Foreign Shares
"Zhuhai Huajin"	Zhuhai Huajin Haoyuan Enterprise Management Partnership (Limited Partnership)* (珠海華錦昊緣企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 13, 2020, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Zhuhai Huarong"	Zhuhai Huarong Haoyuan Enterprise Management Partnership (Limited Partnership)* (珠海華蓉昊緣企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on March 9, 2022, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Zhuhai Huaxin"	Zhuhai Huaxin Haoyuan Business Management Partnership (Limited Partnership)* (珠海華欣昊緣商業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on January 5, 2021, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders

"Zhuhai Jingrong"	Zhuhai Jingrong Haoyuan Investment Partnership (Limited Partnership)* (珠海京蓉昊緣投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 27, 2020, a member of our Single Largest Group of Shareholders
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this annual report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this annual report have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Glossary of Technical Terms

This glossary contains definitions of certain technical terms used in this annual report in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similar terms adopted by other companies.

"AC"	anthracycline and cyclophosphamide. Anthracycline is a class of chemotherapy drugs derived from streptomyces peucetius var. caesius. Cyclophosphamide is also a type of chemotherapy drug
"advanced breast cancer" or "mBC"	locally advanced and relapsed or metastatic breast cancers, encompassing stage IIIB and IIIC breast cancers that are initially inoperable without distant metastasis, as well as all stage IV breast cancers
"advanced esophageal cancer"	all stage IV esophageal cancers
"advanced gastric cancer"	all pathological stage IV gastric cancers, namely, metastatic gastric cancers
"advanced non-small cell lung cancer"	stage IIIB, stage IIIC, and all stage IV non-small cell lung cancers, which normally cannot be cured through local therapies
"advanced ovarian cancer"	stage IIIB and IIIC and all stage IV ovarian cancers
"ASCO"	American Society of Clinical Oncology
"AUC"	area under curve, a parameter of systemic exposure
"BA"	bioavailability, the extent and rate at which the active moiety (drug or metabolite) enterssystemic circulation, thereby accessing the site of action
"BC"	breast cancer
"BM"	brain metastasis
"capsule"	a solid dosage form created by encapsulating drugs in hollow hard capsules or sealing them in elastic soft capsules
"cGMP"	current good manufacturing practice, containing minimum requirements for the methods, facilities, and controls used in manufacturing, processing, and packing of a drug product. The regulations make sure that a product is safe for use, and that it has the ingredients and strength it claims to have
"chemotherapeutic drug"	a drug for treating tumors that can target cancer cells throughout the patient's body, inhibiting or killing tumor cells at various stages of growth and reproduction
"CI"	Confidential Interval
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CNS"	central nervous system

Glossary of Technical Terms (Continued)

"CR"	complete response, the disappearance of all signs of cancer in response to treatment
"CSCO"	The Chinese Society of Clinical Oncology
"CBR/DCR"	Clinical Benefit Rate/Disease Control Rate, the percentage of patients whose disease shrinks or remains stable over a certain time period
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial
"DoT"	Duration of Treatment
"dosage form" or "formulations"	the physical form of a dose used as a drug or medication intended for administration or consumption
"epothilone"	a class of macrocyclic lactone compounds first reported by G. Höfle and colleagues at the German National Biotechnology Center in 1993. The mechanism of action is akin to taxane drugs like paclitaxel, as they can bind to microtubule proteins, preventing smooth mitosis in cancer cells and inducing apoptosis in these cells
"first-line" or "1L"	with respect to any disease, the first line treatment, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"GC"	gastric cancer
"generic drug"	a medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use
"HER2-negative"	the IHC (Immunohistochemistry) test results for HER2 biomarker in tumor tissue samples show a result of IHC (-) or 1+
"HER2-positive"	HER2 expression in tumor tissue samples was IHC 3+, or IHC 2+ with a positive result confirmed by fluorescence in situ hybridization (FISH)
"HR-positive"	hazard ratio, the ratio of the hazard rates corresponding to the conditions characterised by two distinct levels of a treatment variable of interest tumor tissue samples are positive for estrogen receptor (ER) and/or progesterone receptor (PR), defined as 1% of cells showing positive expression by immunohistochemistry (IHC)
"triple-negative breast cancer" or "TNBC"	beast cancer subtype characterized by negative expression of estrogen receptor (ER), progesterone receptor (PR), and HER2
"IC50"	concentration at half maximal inhibition, a measure of the potency of a substance in inhibiting a specific biological or biochemical function
"IND"	investigational new drug application

"injection"	sterile preparations for injection into the body, consisting of a solution, emulsion, or suspension of drugs in suitable solvents or dispersing media, and either ready for immediate use or in the form of powders or concentrated solutions to be reconstituted or diluted before administration
"innovative drug"	a medicine that contains an active substance or combination of active substances that has not been marketed in China and overseas
"in vivo"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done in vitro
"in vitro"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings
"microtubule inhibitors"	a class of compounds that inhibit the function of cellular microtubules
"MRCT"	multi-regional clinical trial
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"myelosuppression"	a decrease in bone marrow activity, manifesting as neutropenia, leukopenia, and eosinopenia
"neoadjuvant"	a medical term typically used to describe the treatment given to patients before primary therapy. In the field of cancer treatment, neoadjuvant therapy/neoadjuvant treatment means a therapy administered before a main treatment to reduce the size of tumor to enhance the ease of tumor removal
"neoadjuvant chemotherapy"	systemic therapy administered prior to definitive surgical treatment
"intensified adjuvant therapy"	a treatment strategy that builds upon standard-of-care (neoadjuvant and adjuvant therapy) by employing more aggressive interventions — such as escalating dose intensity, extending treatment duration, incorporating novel agents, or utilizing multi-agent combinations — to further reduce the risk of disease recurrence and improve cure rates
"NDA"	new drug application
"NSCLC"	non-small cell lung cancer
"OC"	ovarian cancer
"ODD"	orphan drug designation
"ORR"	overall response rate, the proportion of patients who have a partial or complete response to therapy
"OS"	overall survival, defined as the time from treatment to death, regardless of disease recurrence

"Pharmacokinetic (PopPK) analysis"	a modeling approach used to quantitatively describe the relationships and variability between PK concentrations or parameters and physiological characteristics within a specific study population
"Per-Protocol Set (PPS)"	a subset of subjects who are as compliant as possible with the ideal criteria derived from the Intent-to-Treat (ITT) principle
"PROC"	platinum-resistant ovarian cancer
"PD"	progressive disease, refers to a at least 20% increase in the size of a tumor or in the extent of cancer in the body in response to treatment, according to RECIST
"PD-1"	programmed death-1, an immune checkpoint receptor expressed on T cells, B cells and macrophages, acting to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body
"PFS"	progression-free survival, which is defined as the time from assignment in a clinical trial to disease progression or death from any cause
"phase I clinical trial(s)"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"phase II clinical trial(s)"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"phase III clinical trial(s)"	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"Investigator-Initiated Trial (IIT)"	clinical research initiated and applied for by an investigator (primarily a clinician) to evaluate drugs, medical devices, or diagnostic reagents
"PR"	partial response, referring to an at least 30% but below 100% decrease in the size of a target tumor lesion or in the extent of cancer in the body in response to treatment, according to RECIST 1.1
"R&D"	research and development

"SAE"	serious adverse events, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/ incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SD"	stable disease, in oncology, indicating a cancer that is neither decreasing at least 30% nor increasing at least 20% in the size of a target tumor lesion or in the extent of cancer in the body in response to treatment
"targeted drugs"	intervening with drugs targeting relatively specific points in tumors to inhibit their growth and proliferation
"third-line" or "3L"	with respect to any disease, the therapy or therapies that are given when both initial treatment (first-line therapy) and subsequent treatment (second-line therapy) do not work, or stop working
"TRAE"	treatment-related adverse event, undesirable events not present prior to medical treatment or an already present event that worsens in intensity or frequency following the treatment
"Cytotoxin" or "Payload"	the component of an Antibody-Drug Conjugate (ADC) primarily responsible for tumor cell killing
"Linker"	the critical component of an ADC that covalently attaches the antibody to the payload
"MMAE"	a potent synthetic antimitotic agent and a novel cytotoxin, frequently utilized as the payload in ADC development
"Topol inhibitor"	a Topoisomerase I inhibitor, which is commonly employed as a payload in ADC drug design