东陽光药

SUNSHINE LAKE PHARMA CO., LTD.

廣東東陽光藥業股份有限公司

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

(Stock Code: 6887)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2025, the Group recorded:

- Revenue of RMB4,815.07 million, representing an increase of 19.81% as compared with the year ended 31 December 2024.
- Gross profit of RMB3,685.40 million, representing an increase of 20.49% as compared with the year ended 31 December 2024.
- Profit before interest, tax, depreciation and amortisation of RMB1,125.21 million, representing an increase of RMB332.84 million as compared to profit before interest, tax, depreciation and amortisation of RMB792.38 million for the year ended 31 December 2024.
- Profit and total comprehensive income attributable to equity shareholders of the Company of RMB272.44 million, representing an increase of RMB479.87 million as compared to the loss and total comprehensive income attributable to equity shareholders of the Company of RMB207.43 million for the year ended 31 December 2024.
- Basic earnings per share of RMB0.56, and diluted earnings per share of RMB0.55.

FINAL DIVIDEND

- The Board resolved not to declare the payment of an final dividend for the year ended 31 December 2025 (year ended 31 December 2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY REVIEW

In 2025, the pharmaceutical industry experienced strong growth, driven by global economic recovery and supportive policy frameworks. The pharmaceutical market in the People's Republic of China (the "**PRC**" or "**China**") demonstrated steady expansion, supported by ongoing optimisation of its industrial structure. Notably, the focus on the research and development ("**R&D**") of innovative drugs has become a dominant trend. The accelerated consolidation within the chemical pharmaceutical sector has positioned biologics as a key pillar of the market. The number of innovative drug approvals reached a record high during the year, with the majority being domestically developed, positioning China at the global forefront of clinical drug development.

1. Policy Level

Implementation of Heavy-weight Policies Continues to Benefit Pharmaceutical Innovation and High-quality Development

In early 2025, the General Office of the State Council of the PRC issued the "Opinions on Comprehensively Deepening the Regulatory Reform of Drugs and Medical Devices to Promote High-quality Development of the Pharmaceutical Industry" (《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》). As a programmatic document for the regulatory reform of drugs and medical devices, the Opinions proposed 24 reform measures focusing on accelerating review and approval, full-life-cycle supervision, and industrial innovation, aiming to facilitate China's transition from a major pharmaceutical nation to a pharmaceutical powerhouse.

30-day Review Channel for Innovative Drug Clinical Trials: Building upon the existing 60-day implied license system, the China National Medical Products Administration ("**NMPA**") established a 30-working-day expedited review channel for innovative drug clinical trials in 2025. This channel primarily benefits key innovative drugs with full-chain national support and global simultaneous R&D projects, aiming to accelerate the R&D process and bring innovative drugs to clinical patients as early as possible.

In late 2025, the Executive Meeting of the State Council of the PRC reviewed and approved the "Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (Revised Draft)" (《中華人民共和國藥品管理法實施條例(修訂草案)》). As a supporting administrative regulation to the Drug Administration Law, this revision aims to further encourage innovation in drug research, stringently manage the full life cycle of drugs, and provide a legal framework for ensuring high-level drug safety and promoting high-quality industrial development.

In 2026, the Two Sessions delivered multiple heavy-weight policy signals supporting the biopharmaceutical industry, designating it as a national emerging pillar industry, with emphasis placed on strengthening innovation-driven growth and promoting the high-quality advancement of innovative drugs. With the continuous optimization of the innovation ecosystem, the innovative drug sector is expected to benefit in the long term, with vast potential for future development.

Groundbreaking Commercial Insurance Catalogue Enhances Reimbursement for Innovative Drugs

In June 2025, the National Healthcare Security Administration of the PRC introduced the inaugural "Reimbursement Catalogue for Innovative Drugs in Commercial Health Insurance". This catalogue includes 19 innovative medicines, complementing basic medical insurance and establishing a dual-track system of "basic coverage plus supplementary high-end support". The Government Work Report explicitly stated, for the first time, the intention to "formulate an innovative drug catalogue", formally recognising innovative drugs as a strategic national resource.

Accelerating Reform of Health Insurance Payments

Real-time Settlement: 80% of coordinated regions in the PRC have implemented real-time settlement for medical insurance, which has greatly reduced the length of reimbursement cycles and significantly enhanced corporate cash flow.

Expanded Reimbursement List: The updated reimbursement catalogue now includes 50 additional innovative drugs, with the majority of newly launched products by innovative pharmaceutical companies securing inclusion in the medical insurance reimbursement scheme. Reimbursement policies continue to favor innovative players with strong clinical value and robust R&D capabilities, thereby further optimizing the industry's innovation ecosystem.

2. Industry Trends

Surge in Domestic Innovative Drug R&D Capabilities: Advancing from Following to Leading

In 2025, China's domestically developed innovative drugs achieved significant breakthroughs in both quantity and quality. Domestic products dominated the landscape of approved innovative drugs for the year, marking China's transition from "following" to "keeping pace" and even "leading" in the R&D of innovative drug. Clinical development cycles have now reached international standards, fostering a virtuous cycle of "R&D breakthroughs — policy incentives — market expansion".

Accelerating Pace of Internationalisation: Shifting from Licensing-Out to Independent Commercialisation

Chinese innovative pharmaceutical companies have markedly strengthened their global presence. Overseas licensing transactions have surged, with Chinese innovative drugs accounting for over half of global pharmaceutical deals for the first time, positioning China as the global hub for innovative drug transactions. The transaction model has evolved from licensing-out to independent international commercialisation, signifying a shift from "product export" to "system export" in the global expansion of innovative drugs.

AI-Powered Drug Development Technology: Advancing from Proof of Concept to Clinical Implementation

The integration of artificial intelligence (AI) technology across the entire drug R&D process continues to expand. AI's application in critical areas such as target identification, molecular design, and clinical trial optimisation has deepened significantly. Several AI-designed drugs have now entered Phase III clinical trials, demonstrating the potential for shorter validation cycles and improved success rates. Market interest in AI-powered drug development has grown, with leading companies listed on the Hong Kong Stock Exchange and their technological platforms receiving widespread recognition. However, clinical success rates remain the ultimate benchmark for validation.

Rebound in Capital Markets and Restructuring of Valuation Frameworks

In 2025, the Hong Kong Stock Exchange saw a significant year-on-year increase in the initial public offering (IPO) fundraising by the pharmaceutical sector. The focus of capital investment has shifted from being "story-driven" to "validation-driven". Companies with strong fundamentals and clear milestones continue to attract investor interest, while those with limited pipelines and cash flow challenges face greater difficulties in securing financing, leading to significant market divergence. Dual listings on both the A-share and H-share markets have become the industry standard for leading players, facilitating cross-border capital flows.

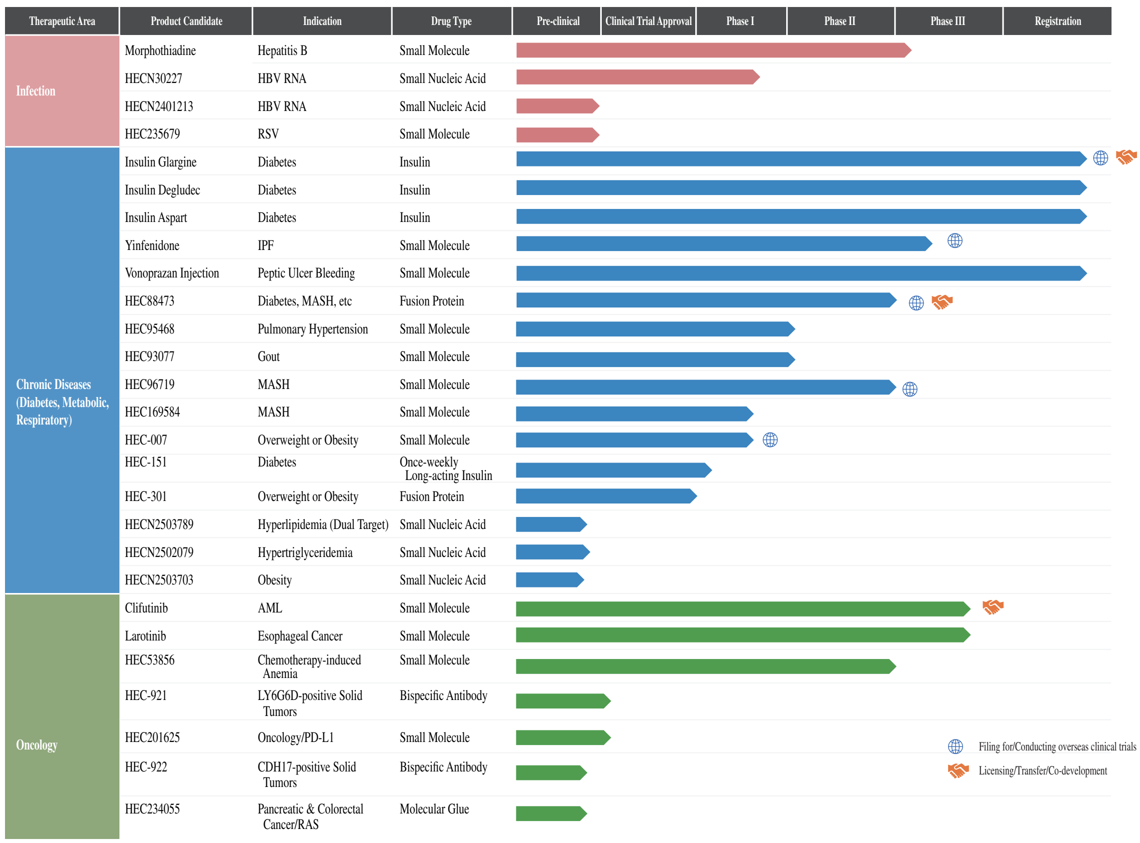
II. COMPANY OVERVIEW

Sunshine Lake Pharma Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**" or "**we**" or "**our**" or "**us**") are a vertically integrated pharmaceutical company engaging in the research and development, production and commercialization of pharmaceutical products. With over two decades of experience since our inception in 2003, driven by "innovation" and "internationalization", we have formed comprehensive and integrated in-house research and development capabilities. Our R&D team consists of nearly 1,000 research and development personnels, including scientists with extensive work experience gained in multinational pharmaceutical companies and pharmaceutical talents with rich experience in research and development. We have received many national and provincial awards, including National Key Laboratory, National Model Enterprise of Intellectual Property, Postdoctoral Research Station, and the First Class Award for Science and Technology Progress in Guangdong Province.

We focus on core therapeutic areas such as infectious diseases, chronic diseases and oncology, and adhere to a research and development strategy of independent innovation, establishing a highly competitive pipeline of innovative drugs. The Group has more than 150 approved drugs, with 4 innovative drugs already on the market and 50 Class I innovative drug candidates, including more than 10 new drugs in Phase II or Phase III clinical trials. In terms of internationalization, we have successfully achieved overseas authorization of an innovative drug candidate HEC88473 in 2024, and successfully submitted the biologics license application ("**BLA**") for insulin glargine injection in the United States. Diverse and robust pipeline of innovative drug candidates not only consolidates the Group's leading position in the research and development in China's pharmaceutical industry, but also provides sustained momentum for long-term quality development. Our research and development platforms cover the full cycle of the development of chemical drugs and biologics, with advanced technologies such as AI-driven Drug Design ("**AIDD**"), specific antibodies, small nucleic acid, antibody drug conjugates ("**ADC**"), and proteolysis targeting chimera ("**PROTAC**"). We are committed to applying AI technology across all stages of drug research and development, having established advanced AI-driven models to enhance our innovation capabilities.

Progress in the research and development of core pipeline products

Building on more than twenty years of profound drug R&D experience and leveraging its comprehensive technical platforms and systems, the Group has established a diversified pipeline of innovative candidates across the fields of infection, chronic diseases, and oncology, providing a core strategic reserve for the Group's sustainable development.



From January 2025 to the date of this announcement, the Group's R&D product pipelines made significant progress.

1. *Registration and approval progress*

3 innovative drugs of the Group were approved for marketing for the first time in China, 2 biosimilar drugs have applied for marketing approval, 6 new drugs have been approved for clinical trials, and 1 innovative drug products have submitted clinical trial applications. 3 generic drug products have obtained drug registration approvals in European and American countries, and 3 generic drug products have obtained drug registration approvals in China.

China

- In February and March 2025, the Group's Dongweizhuo® (Netanasvir Phosphate capsules) and Dongyinghe® (Encofosbuvir tablets) for the treatment of adult hepatitis C virus ("**HCV**") infection with gene types 1, 2, 3 and 6 were approved for marketing in China, respectively, becoming the only oral pan-genotype program with independent intellectual property rights in China, further consolidating the Group's leading position in the field of hepatitis C treatment.

- In January and June 2025, the Group submitted drug applications for Insulin Degludec Injection and Insulin Degludec/Insulin Aspart Injection, respectively, for the treatment of diabetes in China, further enriching the Group's product line in the field of diabetes treatment.

- In April 2025, the Group's glucagon-like peptide-1 ("**GLP-1**")/glucosedependent insulinotropic polypeptide ("**GIP**")/glucagon ("**GCG**") triple target innovative drug HEC-007 was approved for clinical trials for the first time.

- In July 2025, the Group's innovative GDF15 agonist drug HEC-301 for the treatment of obesity was approved for clinical trials for the first time.

- In August 2025, the Group's HEC20002 capsules, an improved new drug for the treatment of schizophrenia, was approved for clinical trials for the first time.

- In September 2025, the Group's HEC-151, a once-weekly long-acting insulin new drug for the treatment of diabetes, was approved for clinical trials for the first time.

- In September 2025, the Group's HECB2100401 inhalation spray, an improved new drug for the treatment of Chronic Obstructive Pulmonary Diseases ("**COPD**"), was approved for clinical trials for the first time.

- In October 2025, the Group's HECN30227, a small nucleic acid new drug for the treatment of hepatitis B, was approved for clinical trials for the first time.

- In January 2026, a sodium glucose cotransporter 2 inhibitor (SGLT-2 inhibitor) and Class 1 innovative drug Olorigliflozin Capsules independently developed by the Group, was approved for marketing in China for use as monotherapy or in combination with metformin to improve glycemic control in adults with type 2 diabetes.

- In March 2026, the Group submitted drug applications for Vonoprazan Fumarate Injection, a Class 2 Improved new drug developed in-house, for the treatment of peptic ulcer bleeding.

- The Group received drug registration certificates for 3 generic drug products, namely, Fingolimod Hydrochloride Capsules, Sitagliptin and Metformin Hydrochloride Sustained-release Tablets, and Vonoprazan Fumarate Tablets.

Europe and the United States

- From September to October 2025, the Group's production base for Insulin Glargine underwent an on-site inspection by the U.S. Food and Drug Administration ("**FDA**").

- In February 2026, the Group's HEC-007 injection, a triple target innovative drug for the treatment of obesity, was approved for clinical trials by the FDA.

- A total of 3 generic drug products of the Group have obtained drug registration approvals, namely rivaroxaban tablets in the United States, Mirabegron Sustained-release Tablets in the United States, and Oseltamivir Phosphate for Suspension in Germany.

2. *Progress in major clinical research*

Yinfenidone Hydrochloride Tablets

- In May 2025, the Group's new drug for the treatment of idiopathic pulmonary fibrosis was approved by the Center for Drug Evaluation ("**CDE**") under the NMPA to carry out Phase III clinical trials, becoming the first domestically produced innovative drug approved for Phase III clinical trials for this indication.

- In October 2025, the Group initiated a Phase III clinical trial for the IPF indication in China.

Clifutinib Besylate Tablets

- In January 2026, the Group's Phase III clinical trial in China for the treatment of relapsed or refractory acute myeloid leukemia ("**AML**") with FLT3-ITD mutation is actively enrolling patients.

HECB1502201 Injection (Vonoprazan Fumarate Injection)

- In March 2025, the Group initiated a Phase III clinical trial for the treatment of peptic ulcer bleeding in China.

- In January 2026, the database lock was completed for the Phase III clinical trial conducted in China for the treatment of peptic ulcer bleeding.

HEC53856 Tablets

- In November 2025, the database lock was completed for the Phase II clinical trial conducted by the Group in China for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies.

HEC88473 Injection

- In October 2025, the Group completed the Phase II clinical trial for the treatment of type 2 diabetes in China.

HEC-007 Injection

- In September 2025, the Group initiated the Phase I clinical trial in healthy subjects and overweight or obese subjects in China.

HECN30227 Injection

- In December 2025, the Group initiated the Phase I clinical trial in healthy subjects and patients with chronic hepatitis B in China.

HEC-151 Injection

- In February 2026, the Group initiated the Phase I clinical trial in healthy subjects in China.

3. *Overview of registration and clinical pipelines*

Drug Name	Drug Classification	Target	Indication	Stage
Insulin Glargine Injection	Biosimilar drug	IR	Diabetes	Registration review (USA)
Insulin Degludec Injection	Biosimilar drug	IR	Diabetes	Registration review
Insulin Degludec/Insulin Aspart Injection	Biosimilar drug	IR	Diabetes	Registration review
Clifutinib Tablets	New chemical drug	FLT3	Acute Myeloid Leukemia (“**AML**”)	Phase III clinical
Yinfenidone Tablet	New chemical drug	TGF-β pathway	Idiopathic Pulmonary Fibrosis (“**IPF**”)	Phase III clinical
Vonoprazan Fumarate Injection	Improved new drug	P-CAB	Peptic ulcer bleeding	Registration Application
Morphothiadine Capsules	New chemical drug	HBV Capsid	Hepatitis B	Phase III clinical
Larotinib Capsules	New chemical drug	EGFR	Esophageal cancer	Phase III clinical
Liraglutide Injection	Biosimilar drug	GLP-1	Diabetes	Phase III clinical completed
HEC88473	New biological drug	GLP-1/FGF21	Diabetes Mellitus, MASH, etc.	Phase II clinical completed
HEC53856	New chemical drug	HIF-PHD	Tumor chemotherapy-related anemia	Phase II clinical completed
HEC95468	New chemical drug	sGC	Pulmonary hypertension	Phase II clinical
HEC96719	New chemical drug	FXR	MASH	Phase II clinical completed
HEC93077	New chemical drug	XO/URAT1	Gout	Phase II clinical
HEC–007	New chemical drug	GLP-1/GCG/GIP	Obesity, diabetes	Phase I clinical
HECN30277	New chemical drug	HBVRNA	Hepatitis B	Phase I clinical
HEC–151	New biological drug	IR	Diabetes	Phase I clinical

4. *The main research results are publicly published*

- The results of a pivotal Phase II clinical trial for Yinfenidone, a novel drug of the Group with best-in-class potential for the treatment of idiopathic pulmonary fibrosis, were presented at the 2025 9th IPF Summit in August 2025. Compared with placebo, all treatment groups demonstrated a delay in the decline of forced vital capacity (“**FVC**”) at 24 weeks, a key indicator of lung function. Sensitivity analysis results from the MMRM model showed that the Yinfenidone 200mg group experienced a decrease of only 3.3mL from baseline, compared to an improvement of over 80mL in the placebo group, with statistical significance. The proportion of decline delayed relative to the placebo group reached 96%, significantly outperforming the 47% observed in the Pirfenidone group in the same trial. The trial demonstrated good overall safety and tolerability. The incidence of drug-related adverse events in the 200mg group was comparable to that of both the placebo and Pirfenidone groups. Notably, the incidence of drug- related skin and subcutaneous tissue disorders (including rash, photosensitivity reactions, and pruritus) was significantly lower than in the Pirfenidone group. Yinfenidone is also the only innovative drug in the field of idiopathic pulmonary fibrosis ("**IPF**") treatment in China that has completed preliminary head-to-head clinical trials with pirfenidone and has better efficacy.

- In April 2025, the preclinical research results of the Group's fully human LY6G6D/4-1BB bispecific antibody HEC-921 with first-in-class potential were presented in the format of PowerPoint (no. 6087) at the 2025 American Association for Cancer Research (AACR) Annual Meeting ("**AACR Annual Meeting**"). HEC-921 demonstrated strong anti-tumor activity and showed potential to solve the hepatotoxicity problem caused by 4-1BB antibodies. It is expected to provide a new immunotherapy option for patients with various types of LY6G6D-positive tumors.

- In April 2025, the Group's preclinical research results for HEC211909, a novel, highly potent, oral Pan-KRAS inhibitor, were presented in the format of PowerPoint (no. 4381) at the 2025 AACR Annual Meeting. HEC211909 demonstrated strong anti-proliferative activity with sub-nanomolar IC_{50} values, and in in vivo models of various KRAS-mutant xenograft tumors, the compound produced dose-dependent anti-tumor effects and induced tumor regression. Additionally, another Pan-RAS molecular glue inhibitor candidate compound developed by the Group possesses potential for clinical translation. The compound significantly inhibited the proliferation of multiple KRAS mutant cell lines in vitro, exhibiting superior overall activity compared to the control compound. In pharmacokinetic terms, its oral whole-blood exposure demonstrated superiority over the reference compound across multiple species evaluations, exhibiting excellent in vivo properties. At the same time, in multiple KRAS-mutant tumour xenograft models (such as PK59 (KRAS-G12D), HPAC (KRAS-G12D), LU99 (KRAS-G12C), NCI–441 (KRAS-G12V), Capan–1 (KRAS-G12V), etc.), the compound demonstrated superior antitumour efficacy compared to the control compound at equivalent doses.

- In November 2025, the preclinical combination study results of HECN30227–an in-house developed hepatitis B siRNA drug — and HEC191834–a highly selective hTLR8 immune agonist — were selected for the 'Poster of Distinction' at the 2025 Annual Meeting of the American Association for the Study of Liver Diseases (AASLD). This distinction is conferred only upon the top 10% of submissions, signifying international academic recognition of the clinical development potential of the HECN30227 combination therapy.

5. *Patents*

In 2025, the Group applied for a total of 183 invention patents, and total of 87 invention patents have been authorized. As of 2025, the Group had applied for a total of 2,029 invention patents, including 392 Patent Cooperation Treaty ("**PCT**") applications, 944 domestic invention patents and 693 overseas invention patents. Among them, a total of 967 invention patents have been authorized, including 561 domestic invention patents and 406 overseas invention patents.

Overview of core pipeline products

1. *Leading Domestic Anti-Infection Drug R&D Capabilities*

In the field of anti-infective treatment, the Group has further solidified its position by leveraging the platform advantages of the "State Key Laboratory of Anti-Infective Drug Development". With a core focus on antiviral infections, the Group prioritizes addressing acute respiratory infections (Influenza and Respiratory Syncytial Virus) and chronic viral hepatitis.

Hepatitis B

Building on a deep understanding of the "functional cure" for hepatitis B, the Company is concurrently developing a "siRNA + ASO + Immunomodulator" triple therapy. This approach aims to comprehensively inhibit Hepatitis B Virus and surface antigen through multi-target synergy, and to initiate a new era of "functional cure" for Hepatitis B via immune reconstruction, bringing renewed hope to patients.

Product Candidate — HECN30227

HECN30227 is a Class 1 new drug independently developed by the Group with global intellectual property rights. It is the Group's first siRNA drug developed on its small nucleic acid technology platform and is capable of eliminating hepatitis B surface antigens ("**HBsAg**") derived from both cccDNA and integrated DNA. Preclinical data demonstrate that HECN30227 exhibits pan-genotypic activity, effectively reduces HBsAg levels, and maintains strong efficacy against nucleoside-resistant strains. Its in vitro and in vivo potency surpasses that of clinical competitors. The drug employs the Company's proprietary HEC-GalNova (N-acetylgalactosamine) liver-targeted delivery system, which achieves precise and efficient hepatic delivery while significantly minimizing off-target risks. HECN30227 has completed preclinical studies and the IND application was approved in October 2025. As of the date of this announcement, phase I clinical trials are currently in the rapid patient recruitment phase.

Product Candidate — HECN2401213

HECN2401213 is a Class 1 new drug independently developed by the Group with global intellectual property rights. It is the Group's first unconjugated ASO drug developed on the small nucleic acid technology platform. This drug eliminates HBsAg via a dual mechanism of direct antiviral activity and host immune activation. Preclinical data show pan-genotypic activity and effective reduction of HBsAg levels, with superior in vitro and in vivo efficacy compared to clinical competitors. The drug is currently in preclinical development.

2. A Diversified and Mature Research Pipeline in Chronic Diseases to Build a Long-Term Core Competitive Track

The Group's innovative drug candidates for chronic disease treatment focus on chronic respiratory, metabolic, cardiovascular, and renal diseases. These conditions continue to present significant unmet medical needs, including better drug combinations, more convenient administration methods, and improved efficacy and safety. Consequently, demand for innovative treatment solutions is steadily increasing.

Product Candidate — Yinfenidone Hydrochloride Tablets

Yinfenidone Hydrochloride (HEC585) is a Class 1 innovative drug independently developed by the Group for the treatment of IPF. It has entered the pivotal Phase III clinical trial stage. It features a broader anti-fibrotic mechanism by synergistically inhibiting multiple pathways, including the suppression of various cellular inflammatory factors, fibroblast proliferation and activation, and collagen synthesis. In vitro efficacy studies show that Yinfenidone inhibits fibroblast proliferation and activation with an IC_{50} 200–500 times lower than pirfenidone. In lung organoid fibrosis models and animal studies, Yinfenidone demonstrated significantly superior efficacy compared to pirfenidone and nintedanib.

The Phase I clinical trials of Yinfenidone has been completed in China and the U.S., which showed that it has a long half-life and allows for once-daily dosing. Yinfenidone received Orphan Drug Designation from the FDA, qualifying it for preferential approval and pricing policies of the US. A Phase II clinical trial of Yinfenidone (with pirfenidone as the positive control) achieved positive interim results, meeting the study endpoints and demonstrating superior efficacy and good safety and tolerability compared to the control group. Based on these Phase II interim data, the Group has submitted and obtained approval from the CDE for Phase III clinical trials. Key phase II data were presented at the 9th IPF Summit 2025 in August 2025. The key trial results showed that the 24-week FVC of the Yinfenidone 200mg group showed significant improvement compared with the baseline data of the placebo group and the Pirfenidone group, and the decline rate was delayed by 96% compared with the placebo group. We believe Yinfenidone has the potential to become a best-in-class treatment worldwide for IPF.

In addition, preclinical studies have demonstrated that Yinfenidone possesses exceptional anti-hepatic fibrosis potential, with efficacy markedly superior to that of Pirfenidone. In the bleomycin-induced interstitial lung disease ("**ILD**") model, the drug can significantly reduce inflammatory cell infiltration around pulmonary vessels and bronchi- predominantly through macrophages, with a reduction rate of up to 70%, indicating promising therapeutic potential for interstitial lung disease.

Product Candidate — Insulin Glargine Injection (U.S. Registration)

The Group is one of only two pharmaceutical companies in China to submit a biological license application (BLA) for Insulin Glargine Injection to the U.S. FDA. The pivotal clinical trial was completed successfully, demonstrating that the Group's insulin glargine injection is highly consistent with the U.S. reference product in pharmacokinetics and pharmacodynamics. Since submission, the Group has maintained active and close communication with the FDA and has promptly supplemented and refined data according to the requirements of the FDA, ensuring smooth progress of the review process. Based on the current review status and our understanding of the FDA's typical review timeline, Insulin Glargine Injection is expected to receive BLA approval in the first half of 2026.

Product Candidate — Vonoprazan Fumarate Injection

Vonoprazan Fumarate Injection is modified new drug, a potassium-competitive acid blocker (P-CAB) independently developed by our Group for the treatment of bleeding peptic ulcers. It reduces gastric acid secretion by inhibiting the H+/K+-ATPase on gastric parietal cells. Compared to the original tablet formulation Vocinti® (Vonoprazan Fumarate Tablets), HECB1502201 could meet the clinical needs of patients with peptic ulcer bleeding that oral formulations cannot address, including high-risk patients who cannot take oral medications due to severe conditions, and patients who require a rapid increase in gastric pH for quick hemostasis. We completed patient enrolment for the Phase III clinical trial in December 2025 and submitted drug applications in March 2026. Phase I clinical trial results have shown that, compared with standard therapy using PPI injections, HECB1502201 had better control over gastric pH compared to PPI injections. Its acid suppression capability was better than that of Esomeprazole Sodium Injection. It also exhibited full efficacy from the first dose and demonstrated good nocturnal acid control. Furthermore, HECB1502201 injection is a ready-to-use large-volume infusion that requires no clinical preparation, effectively reducing risks of bacterial and insoluble particulate contamination, while preventing preparation errors and enhancing medication safety and convenience. The Group expects to submit the application for marketing approval of Vonoprazan Fumarate Injection in the first half of 2026.

Product Candidate — HEC88473 Injection

The Group's independently developed HEC88473 is a novel GLP-1/FGF21 dual-target long-acting fusion protein injection. It has currently completed Phase II clinical trials, with potential applications in treating multiple metabolic diseases such as type 2 diabetes and metabolic dysfunction-associated steatohepatitis ("**MASH**"). In November 2024, the Group entered into an exclusive overseas licensing and commercialization agreement with Apollo Therapeutics, demonstrating HEC88473's global development and commercialization capabilities. HEC88473 can stably control blood glucose, promote weight loss, improve lipid profiles, and shows promising therapeutic potential for improving MASH and liver fibrosis, offering broad metabolic benefits.

Product Candidate — HEC-007 Injection

HEC-007 is a new fatty acid side-chain modified GLP-1/GCG/GIP triple-target peptide drug developed independently by the Group, intended for treating overweight or obesity and related metabolic diseases. In preclinical studies, HEC-007 has demonstrated superior efficacy and higher safety compared to similar drugs at the same dose, with the potential to achieve breakthroughs in both weight loss and glycemic control. The Group submitted an application for clinical trial of Investigational New Drug ("**IND application**") for HEC-007 in China in January 2025 and received clinical trial approval in April 2025, with Phase I clinical trials already commenced as of the date of this announcement. We also received approval from the FDA for clinical trials in February 2026. Simultaneously, an oral dosage form is being developed based on a gastrointestinal permeation enhancement +special formulation design strategy. this oral formulation balances drug absorption and tissue safety. Preclinical studies indicate that the efficacy of oral HEC-007 tablets in obese animal models is comparable to that of the injectable group, demonstrating better dose-dependency. This differentiated oral formulation, while ensuring therapeutic efficacy, will provide a new treatment option for patients.

Product Candidate — HEC169584 Capsules

HEC169584 is the Group's first Class 1 innovative drug independently developed by the AIDD laboratory and is a THR-β agonist for treating MASH. Using the HEC GEN model — a molecular fragment generation model based on sparse graph attention neural networks — the Group identified small molecule HEC169584. Preclinical results show HEC169584 has superior in vitro activity against THR-β cells compared to the positive control Resmetirom (the first FDA-approved drug in 2024 for MASH treatment). It exhibits strong liver targeting and a high liver-to-blood ratio, reducing effects on the thyroid axis, heart, and other tissues. In a MASH mouse model with liver fibrosis, it improves liver function, blood lipids, hepatic lipids, liver inflammation, NAFLD activity score, and fibrosis. We obtained clinical trial approval in December 2024 and as of the date of this announcement, Phase I clinical trials are underway.

Product Candidate — HEC151 Injection

HEC151 is an ultra-long-acting insulin independently developed by the Group. Through novel fatty acid chain modification and mutation of human insulin combined with a new side chain chemical modification, HEC151 achieves a weekly long-acting effect. Preclinical studies indicate that, compared to Novo Nordisk's marketed insulin "Icodec", HEC-151 demonstrates superior non-covalent albumin-binding capacity and in vitro cellular activity. HEC-151 is capable of achieving stable and superior glucose control at a lower dosage. The Group submitted the IND application for HEC151 in China in June 2025, and obtained clinical trial authorization in September 2025, with the program now having progressed to Phase I clinical studies as of the date of this announcement.

Product Candidate — HECN2502079 Injection

HECN2502079 Injection is a Class 1 new drug independently developed by our Group with global intellectual property rights. It is also the first siRNA drug in the cardiovascular therapy field developed by our Group based on the small nucleic acid technology platform. It achieves liver-targeted APOC3 inhibition to reduce triglycerides, thereby treating hypertriglyceridaemia and other conditions. Preclinical data indicate that HECN2502079 demonstrates superior efficacy and safety profiles to competing clinical products in both in vitro and in vivo studies. Moreover, HECN2502079 features a short sequence length and simple structure, presenting low development complexity for CMC, which is expected to result in significantly lower commercialization costs compared to domestic and international competitors. Preclinical studies for HECN2502079 are underway as of the date of this announcement.

3. *Deepening the Tumor Pipeline with Multiple Therapeutic Technologies*

The Group adheres to an R&D strategy centered on clinical value, focusing on unmet clinical needs in oncology. It has developed a trinity of innovative tumor therapies: "precision targeted therapy, breakthrough in drug resistance mechanisms, and optimization of treatment safety". Leveraging cutting-edge platforms — including synthetic lethality, ADC, molecular glue degraders, bispecific antibodies, and CAR-T cell therapies — and employing multi-mechanism collaborative innovation, the Group has systematically built a comprehensive candidate product matrix spanning small molecules, biologics, and cell therapies, establishing a differentiated competitive advantage.

Product Candidate — Clifutinib Besylate Tablets

Clifutinib Besylate Tablets are a Class 1 innovative drug independently developed by the Group. It is a second-generation highly selective FLT3 inhibitor for treating patients with relapsed/refractory AML harboring FLT3-ITD mutations. This candidate boasts notable clinical efficacy and a low risk of cardiotoxicity. Phase I clinical results were presented at the 2022 European Hematology Association Annual Meeting and the 2023 American Society of Hematology Annual Meeting. According to a Frost & Sullivan report, Clifutinib is the first highly selective FLT3 inhibitor independently developed in China to enter Phase III clinical trials. On 25 November 2024, the Group signed an exclusive commercialization cooperation agreement with YiChang HEC ChangJiang Pharmaceutical Co., Ltd. and Shenyang Sansheng Pharmaceutical Co., Ltd. We are accelerating the Phase III clinical trial of Clifutinib. With the rapid expansion of China's AML drug market, Clifutinib Besylate holds significant market potential.

Product Candidate — HEC53856 Tablets

HEC53856 is a Class 1 innovative HIF-PHD inhibitor independently developed by the Group, indicated for chemotherapy-induced anemia in patients with renal anemia and non-myeloid malignancies. Completed clinical and non-clinical trial data indicate that, based on non-head-to-head comparisons, HEC53856 exhibits superior safety to Roxadustat, a HIF-PHD-targeting drug for renal anemia. In healthy subjects, HEC53856 showed no adverse reactions associated with increased heart rate and a low risk of thrombosis. Additionally, HEC53856 offers cholesterol-lowering benefits. Its exposure is unaffected by food intake or renal impairment, making it a flexible and suitable treatment option for patients with renal insufficiency. As of the date of this announcement, the Group has currently completed Phase II clinical trials of HEC53856 for chemotherapy-related anemia. All efficacy and safety parameters have met expectations.

Product Candidate — HEC921 Injection

HEC921 is the world's first targeted bispecific antibody targeting lymphocyte antigen 6 family member G6D (LY6G6D) and tumor necrosis factor receptor superfamily member 9 (4-1BB)is intended for treatment of LY6G6D-positive solid tumors. By selecting specific epitopes on 4-1BB and engineering the bispecific antibody, the Group has enhanced tumor cell killing while reducing toxicity. Preclinical studies demonstrate significant efficacy, excellent tumor-killing activity across multiple colorectal cancer models, and good safety without 4-1BB-associated hepatotoxicity. We are advancing preclinical studies of HEC921, and preliminary results from formal toxicology studies indicate the product's high safety profile, with plans to submit a clinical trial application in the first half of 2026. The research results were presented as a poster at the 2025 AACR Annual Meeting, garnering broad attention.

Product Candidate — HEC–922

HEC–922 is a bispecific antibody independently developed by the Group, targeting both calcium-dependent adherens junction protein 17 (CDH17) and 4–1BB. It is primarily intended for CDH17-positive tumour patients, with a focus on gastrointestinal malignancies. By optimising the affinity differential between CDH17 and 4-1BB antibodies and refining the bispecific antibody structure, we ensured that the HEC-922 molecule activates T cells only upon specific binding to both CDH17 and 4-1BB. This approach circumvents this hepatotoxicity associated with non-specific activation observed in clinical applications of 4-1BB monoclonal antibodies. As of the date of this announcement, the molecule's significant pharmacological efficacy and capacity for immune cell reconstitution and activation have been validated across various animal models, demonstrating sustained antitumour effects even at low doses (0.3 mg/kg). Additionally, this bispecific antibody is a nanobody, featuring a simple structure that facilitates production; its low molecular weight enhances tumour infiltration, thereby improving therapeutic efficacy.

Product Candidate — HEC201625

HEC201625 is a highly active, highly specific oral small molecule PD-L1 inhibitor independently developed by the Group. It binds specifically to PD-L1 on tumor cell surfaces, inducing dimerization and internalization, thereby effectively blocking PD-L1 interaction with PD-1 on immune T cells. This activates T cell recognition and killing of tumor cells. Preclinical data demonstrate that HEC201625 exhibits comparable or superior antitumor activity to PD-L1 antibodies across multiple humanized immune-reconstituted tumor models, including models resistant to PD-L1 monoclonal antibodies. It shows a high safety margin and favorable druggability. Combined use with chemotherapy, VEGF monoclonal antibodies, VEGFR inhibitor or KRAS G12C inhibitors yields synergistic effects. As of the date of this announcement, the non-clinical evaluations required for the IND application have been completed. Although multiple antibodies are approved globally, unmet clinical needs remain in the small molecule segment. HEC201625 is poised to develop into an all-oral tumor immunotherapy combination regimen, offering new options and treatment strategies for clinical tumor immunotherapy.

AI and R&D

The Group is committed to applying AI technology to all stages of drug development and has established a number of advanced AI-driven models to improve R&D efficiency and innovation capabilities. HEC169584 is an investigational THR- β agonist for the treatment of MASH, the first new small molecule drug developed by the Group's AIDD laboratory, and has currently received clinical trial clearance. By effectively integrating all aspects of the drug development process, we efficiently support full-chain drug discovery.

1. Core Highlights of AI R&D

The "HEC Drug Smart Discovery Platform" is a core technology system with proprietary intellectual property rights independently built by the Group. It aims to create a full-chain R&D engine that connects "target/molecule — pharmacokinetics — formulation — synthesis — clinical testing". The platform deeply integrates core small molecule models such as HEC-GEN molecular intelligent manufacturing and HEC-PK intelligent metabolism, and innovatively integrates large models in three major vertical fields, namely HEC-SynAI (drug synthesis), HEC-CryAI (drug crystal form) and HEC-PharmAI (drug formulation), comprehensively covering key aspects such as molecular generation, druggability prediction, retrosynthesis planning and formulation process development.

(1) In terms of data assets, targeting the highly promising PROTAC field, and in order to overcome the technical bottlenecks of the industry's lack of high-quality structure-activity data and the difficulty in generating multi-component synergistic data, the Group has independently built a high-dimensional HEC-PROTAC professional database. This database deeply integrates three major data sources, including global clinical pipelines, high-quality patents, and authoritative literature. It has broken down and systematically labeled the ternary structure (target protein ligand, linker, E3 ligand), biological activity, and pharmacokinetic parameters of more than 20,000 PROTAC molecules with fine granularity, comprehensively covering more than 200 disease targets. It fills the gaps in existing public databases regarding structural granularity and experimental depth by building a solid data asset barrier.

(2) In terms of large models, the Group has successfully built an industry-leading CMC full-chain AI vertical large model system, which has completely broken down the information barriers between traditional R&D links and realized end-to-end intelligent decision-making and seamless connection from API synthesis, crystal form identification, to formulation design. Relying on its own independent efforts, the Group has achieved a milestone breakthrough in technological innovation. It has not only launched the mechanism-driven dual-track retrosynthesis large model HEC-SynAI and the crystal form large model HEC-CryAI (which supports refined analysis of multimodal data), but also pioneered the implementation of the world's first industrial-grade formulation vertical large model — HEC-PharmAI, successfully upgrading the Company's R&D paradigm from the traditional "experience-driven" to "data-driven". In the future, the Group will use this large model matrix as a new generation of digital foundation and R&D infrastructure to continuously expand application scenarios and jointly build an "AI + Pharmaceutics" R&D ecosystem, so as to achieve the strategic mission of reducing costs and increasing efficiency, shortening the launch cycle of innovative drugs, and benefiting patients worldwide.

    At present, relying on the "HEC drug intelligent discovery platform", the number of synthetic compounds has been greatly reduced, and the PCC screening time has been reduced from 2-3 years to 1.5 years, steadily promoting the Group's strategic goal of AI in biomedical research and development.

2. *Achievements of AI R&D*

Molecular Design Module

(1) HEC-GEN Drug Molecule Generation Model

HEC-GEN is a three-dimensional fusion characterization framework for drug molecule generation R&D. It constructs a protein — molecule composite input matrix based on protein surface parameterization techniques for characterizing target proteins, integrated with small molecule atom/bond attributes encoded through molecular graphs. It employs an equivariant graph neural network combined with a sparse attention mechanism to dynamically learn target — molecule interaction features, and optimizes molecular binding affinity through autoregressive atom-by-atom generation. This model has simultaneously introduced druggability constraints to ensure the generated molecules exhibit both target specificity and favorable drug-like properties. This model has achieved industrial application in Thyroid Hormone Receptor Targeted Drug Development Project HEC169584. Our R&D team used the core pharmacophores of known active compounds MGL-3196 and VK2809 as inputs, along with THR-β protein structural features, to generate in batches a library of candidate compounds. Following screening through a multidimensional evaluation system, we have successfully obtained one preclinical candidate molecule, proving the engineering value of the model in rational drug design.

(2) HEC-HAPPI — pH-Dependent Antibody Engineering Algorithm Based on Structure

HEC-HAPPI is a dual-track pH-dependent antibody design algorithm developed in-house by the Group, based on both structure and sequence. This innovative algorithm integrates multiple parameters such as residue orientation, steric hindrance, and side-chain distances, and has been designed to operate without relying on high-precision crystal structures. As of the date of this announcement, the technology has been successfully applied in several projects, including the IL11 antibody targeting pulmonary fibrosis, the ActRIIB receptor antibody for muscle enhancement, and the next-generation VISTA antibody. Notably, the IL11 antibody mutant (such as Q113H/A179H) designed using this algorithm not only retains high affinity under neutral conditions, but also significantly increases antibody yield (by up to 10 times) while reducing aggregation, demonstrating the algorithm's powerful potential under the "design is optimal" concept.

Pharmacokinetics Module

(1) HEC-PK Pharmacokinetic Time-Curve Prediction Model

HEC-PK is an AI-driven physiological pharmacokinetic prediction model designed to address the high cost of traditional modeling parameters and the reliance on animal testing. It integrates compound structures with in vivo pharmacokinetic data to accurately predict time — concentration curves and key PK parameters. The model establishes a data-driven cycle for drug design optimization — ultimately helping to shorten the clinical translation cycle. Built upon the Group internally developed small molecule compounds over the past decade, the model incorporates real-world data including molecular structures, rat PK parameters, and time — concentration profiles. A standardized rat pharmacokinetics dataset has been constructed to ensure data consistency and training reliability.

(2) HEC-CYPs Drug Interaction Prediction Model

The Group's R&D team leverages chemoinformatics and artificial intelligence technologies to rapidly and accurately assess CYPs-related drug interaction risks of candidate compounds. The model helps mitigate risks such as excessive drug concentration, increased side effects, accelerated metabolism, or treatment failure caused by the inhibition or induction of CYPs metabolic enzyme activity. The HEC-CYPs inhibition model adopts a pre-training and fine-tuning strategy — using a language model framework at the protein level and the 3D pre-training framework Uni-Mol at the small molecule level. For the induction model, a novel consensus learning strategy is applied, combining mechanistic and phenotypic data in a deep learning framework.

(3) HEC-Transporters Drug Permeability/Transporter Interaction Prediction Model

The Group's R&D team uses machine learning to model proprietary data, enabling rapid and accurate prediction of interactions between drugs, biological membranes, and transporters, thus facilitating early optimization of pharmacokinetic properties. The HEC-Transporters model employs an innovative multi-task learning strategy to jointly model membrane permeability and transporter functions at both the data and model levels. A unified message-passing network is trained to capture shared structural features of molecule-membrane interactions, while three independent feedforward neural networks enhance performance on specific proprietary tasks.

(4) HEC-SoMs — Drug Metabolism Site Prediction Model

Employing artificial intelligence based on graph neural network technology, this prediction model enables the Group's research team to accurately and rapidly predict the metabolic sites of candidate compounds by cytochrome P450 enzymes, hence providing crucial guidance for optimizing drug molecular structures and helping to avoid issues such as uncontrollable metabolites, abnormal drug half-life, and safety risks arising from unknown metabolic sites. This prediction model adopts a message-passing neural network architecture, with message-passing layers based on gated recurrent units for inter-atomic information exchange, and a readout layer based on Transformer encoder with multi-head attention mechanisms. The end-to-end deep learning model integrates atomic features and chemical bond characteristics for comprehensive prediction.

3. Future Plans and Strategies

Going forward, with our established strategic development plan to deeply empower the entire drug research and development chain with AI technology, and leveraging our existing technological foundation, the Group will continue to strengthen the development and enhancement of the platform's core capabilities. Our goal is to strategically elevate the "HEC Drug Intelligent Discovery Platform" from an efficient auxiliary R&D tool into the core engine driving new drug discovery and development, establishing the Group's "new quality productivity" in the era of artificial intelligence. We will focus on deepening, integrating, and innovating around the platform's three key functional modules. By advancing drug molecule design capabilities, we aim to expand the boundaries of innovative molecules. We will construct a comprehensive pharmacokinetic evaluation matrix to proactively assess druggability risks. Finally, by creating a "pharmaceutical research large model" as the core engine, we will realize full-process intelligence across R&D.

Awards and Honors

In 2025, the Group received the following awards and honors:

In June 2025, the China National Intellectual Property Administration issued a decision on the awarding of the 25th China Patent Award. the Group's invention patent "Oseltamivir Phosphate Granules and Preparation Method" won the 25th China Patent Gold Award. As an authoritative award jointly selected by the China National Intellectual Property Administration and the World Intellectual Property Organization, the China Patent Gold Award represents the highest honor in the field of intellectual property in China, demonstrating the high recognition of patent innovation and technological achievements.

In June 2025, the Group was named in the list of "2025 China's Top 100 in Pharmaceutical R&D Strength", an authoritative evaluation system published in China for ten consecutive years. This result is regarded as an important benchmark to measure the innovation ability of pharmaceutical companies.

In July 2025, the Hubei Provincial Intellectual Property Office announced the award decision of the second Hubei Patent Award. The Group's invention patent of Dongweien® "Bridged Ring Compounds As Hepatitis C Virus Inhibitors and Pharmaceutical Applications Thereof" won the 2nd Hubei Patent Gold Award. It not only highlights the breakthrough innovation and significant clinical value of Emitasvir Phosphate Capsules, but also confirms the Group's continuous innovation ability and core competitiveness in the field of new drug research and development.

In August 2025, the Group was awarded the "2025 China's Top 100 Pharmaceutical Companies in Comprehensive Competitiveness" by Sinohealth Industry Research Institute. The selection of this list aims to set an industry benchmark, promote continuous innovation and sustainable development of the entire industry, and recognize leading companies with outstanding performance in the field of pharmaceutical research and development.

In August 2025, the Group won the list of "2025 China's Top 101 Innovative Pharmaceutical Companies". Being successfully selected into the list not only demonstrates the pharmaceutical company's leading advantages in the entire chain including R&D innovation, production and manufacturing, and commercial layout, but also confirms its strength and responsibility as an industry benchmark to continue to lead the Chinese pharmaceutical industry to new heights.

In August 2025, the Group's product Kewei可威® was once again honored with the industry's highest distinction, the "CPEO Gold Award", in recognition of its leading market performance and demonstrated social value. This achievement marks the seventh consecutive time since 2018 that our Group has received recognition from the CPEO. The award reflects multi-dimensional recognition from both the industry and customers of Kewei可威®'s product value, commercial performance, and strong user endorsement, reinforcing its comprehensive competitiveness and benchmark standing in the pharmaceutical and healthcare sector.

In September 2025, our Group was named "Industry-Leading Pharmaceutical Enterprise" on China's Decennial Innovative Drugs Honor Roll List. This award highlights the industry's strong endorsement of the Group's comprehensive strengths, including the competitiveness of its product pipeline, the clinical and commercial value of its core products, and its capabilities in international expansion and development, as well as its standing as a benchmark enterprise in China's innovative drug sector.

In December 2025, the Group was recognized as the "2025 Listed Company of Innovative Value" award. The award honors companies that shape industry insights, drive innovation, and steer future trends, and play a constructive role in promoting industry development.

Strategic Cooperation

1. In May 2025, the Group and Beijing SunwayWorld Science & Technology Co., Ltd. ("**SunwayWorld**") entered into the "Strategic Innovation Cooperation Agreement on AI-Based Pharmacology Intelligence- Laboratory" to jointly advance the development of an intelligent laboratory for pharmacology research and development (R&D). This cooperation leverages the respective expertise and resources of both parties in pharmaceutical R&D and AI, supporting the creation of a next-generation intelligent platform for drug R&D.

2. In May 2025, the Group and Dongguan Xianjin Industrial Software Innovation Co., Ltd. (東莞市先進工業軟件創新有限公司) entered into a strategic cooperation framework agreement, pursuant to which both parties shall undertake comprehensive collaboration in the field of AI-driven pharmaceutical development , with a focus on critical areas such as the establishment of data governance systems, iterative refinement and optimization of algorithmic models, and the development of intelligent platforms The partnership seeks to deliver an industrial-grade AI pharmaceutical solution integrating "data-model-application" into a cohesive framework..

3. In June 2025, the Group and Beijing Zhongda Veson Technology Co., Ltd. ("**Veson**") established a strategic partnership to undertake comprehensive collaboration on the establishment and enhancement of the "HEC Drug Intelligent Discovery Platform". Under this partnership, the Group and Veson will jointly enrich the R&D ecosystem of the intelligence-driven, high-throughput "HEC Drug Intelligent Discovery Platform" and drive the digital transformation of the entire innovative drug R&D process. The collaboration aims to overcome the efficiency bottlenecks in conventional R&D and shorten the preclinical development cycle of innovative drugs.

4. In January 2026, the Group and Shenzhen XtalPi Technology Co., Ltd. (深圳晶泰科技有限公司) ("**Shenzhen XtalPi**") entered into a strategic cooperation agreement to establish a joint venture for the co-development of an AI-driven drug R&D platform. The collaboration will focus in (1) the establishment of a joint laboratory to co-develop innovative drug pipelines; (2) the joint development and promotion of large-scale models; (3) the creation of a "Model as a Service" (MaaS) business model. The partnership between the Group and Shenzhen XtalPi not only leverages the complementary strengths of the two companies but also represents a significant milestone in the intelligent transformation of China's pharmaceutical industry. By combining the Group's expertise in pharmaceutical R&D with Shenzhen XtalPi's intelligent capabilities, the collaboration aims to usher in a new era of pharmaceutical R&D.

III. SALES REVIEW

In the PRC market, we have a nationwide product sales and distribution network. Our sales team has 1,892 sales professionals and our sales coverage spans 32 provinces, municipalities and autonomous regions across China, and nearly 300 prefecture-level cities in China. Our sales network covers over 2,600 Class III hospitals, over 9,600 Class II hospitals and over 89,000 Class I hospitals, numerous large-scale national or regional pharmacy chains and other medical institutions, allowing us to maximize our reach of the market in China. Leveraging our exceptional commercialization capabilities and extensive terminal market coverage, we continue to consolidate our leading position in China's domestic pharmaceutical industry.

In terms of the anti-viral pediatric business pipeline, the Group's oseltamivir phosphate product achieved a revenue of RMB3,575.79 million by leveraging its strong brand value and extensive market penetration, representing an increase of 38.56% compared to the same period in 2024. In June 2025, the Group's Kewei Granules invention patent "Oseltamivir Phosphate Granules and Preparation Method" won the 25th China Patent Gold Award. The Group continues to deepen its brand building efforts through precise marketing strategies and diversified academic promotion activities, continuously consolidating the market share of its core product, Kewei. At the same time, the Group strategically developed a synergistic product portfolio. New products such as Pediatric Paracetamol and Phenylephrine Granules, Pediatric Faropenem Granules and Children's Fever Reducing Patch were added to fully meet the medication needs of children and further strengthen the brand influence in the field of influenza treatment.

In terms of the chronic disease business pipeline, the Group has independently developed five insulin products, including Recombinant Human Insulin Injection, Insulin Glargine Injection, Insulin Aspart Injection, Insulin Aspart 30 Injection and Mixed Protamine Human Insulin Injection (30R), all of which have been approved for launching and won the bid for centralized bulk procurement. During the year of 2025, insulin series products achieved revenue of RMB244.20 million, representing a significant increase of 78.65% compared to the same period last year.

In terms of the new drug business pipeline, the Group's commercialized Class I innovative drug for the treatment of genotype-specific chronic hepatitis C, Emitasvir Phosphate Capsules, achieved a revenue of RMB98.32 million, demonstrating a steady business performance. In June 2025, the Group's invention patent "Bridged ring compounds as hepatitis C virus inhibitors and preparation method thereof" won the Second Hubei Patent Gold Award. In addition, the Group's Class I innovative drugs for treating the Pan-genotypic chronic Hepatitis C, Encofosbuvir Tablets and Netanasvir Phosphate Capsules were officially approved for launching in February 2025 and March 2025, respectively. The approval for launching of the Pan-genotypic chronic Hepatitis C treatment portfolios will further consolidate the Group's competitive edge in the field of Hepatitis C treatment. The Group has established a dedicated team for specialty medicine. Moving forward, we will further strengthen the academic promotion and market coverage for Hepatitis C and other innovative drugs. These efforts are pivotal to the sales ramp-up and the expansion of market share for our products.

Centralized procurement and new retail lines have become the Company's core strategic business and stable source of cash flow. The centralized procurement business as a whole shows characteristics such as low sales expense ratio and steady increase in revenue. During 2025, the Group's selected and centrally procured products showed steady business performance as a whole.

Sales, Marketing and Distribution

In the domestic market, our approach to generating demand for our products is based on two central strategies: promotional activities and strengthening and optimizing our distribution network. On one hand, we promote our drugs primarily through in-house sales and marketing team, which interacts with healthcare professionals through educational promotion activities, enhancing healthcare professionals' knowledge about the relevant therapeutic areas, as well as their understanding of the usage, clinical efficacy and other features of our products. On the other hand, we sell our products primarily to Good Supply Practice ("**GSP**") certified third-party offline distributors, which distribute our products to hospitals, other medical institutions and pharmacies in the PRC. Our GSP-certified third-party distributors are located throughout the PRC, which enhances our market penetration and expands our coverage of hospitals, pharmacies and other medical institutions throughout the PRC.

In overseas markets, we have extensive overseas experience in terms of research and development, commercialization and operation and have established a global sales network across major international markets. Our overseas sales network covers eight countries and regions including the United States, Germany and the United Kingdom. We plan to implement the following strategies to expand our overseas market. Firstly, we will boost international sales of our products in China, in particular, our drugs with EU and U.S. approvals. We can increase the overseas sales performance of our existing products by leveraging our existing drug production, quality management capabilities and supply chain systems that meet international standards. Secondly, we plan to build up our international capabilities in research and development, product registration, clinical trials, and commercialization with a focus on advancing clinical trials of drugs under development with clinical value and competitive advantages in the overseas markets. Thirdly, we will continue to strengthen technical exchanges and strategic collaboration with world-leading multinational pharmaceutical companies to enhance our position in the international pharmaceutical market.

IV. PRODUCTION REVIEW

We have an advanced production and supply chain system in the PRC, with production bases fully compliant with international Good Manufacturing Practice ("**GMP**") standards. As of the date of this announcement, we have two production bases in Songshan Lake, Dongguan, Guangdong province, the PRC, and Yidu, Hubei province, the PRC, occupying a total area of more than 1,300 mu. These production bases cover the entire production chain of formulations. Our Songshan Lake production base is an advanced factory in China producing solid chemical formulation and biologics. It has obtained GMP certifications from the United States, the European Union and China, including passing EU GMP audit conducted by National Office for Health and Social Affairs of Germany in November 2023, GMP inspection by the U.S. FDA in March 2024, and a GMP compliance check by the Guangdong Provincial Drug Administration in January 2025. Its annual production capacity of chemical drugs reaches 1.8 billion tablets/capsules. The biopharmaceutical manufacturing facility is designed and constructed in accordance with international GMP standards, and we expect that the facility will complete China's GMP compliance inspection in 2026. Designing production lines for cell culture, E coli fermentation, and yeast fermentation will provide robust support for the commercialization of our biologics under development.

Our Yidu production base has obtained Chinese GMP certification, and it produces a wide range of insulin products, solid dosage forms and freeze-dried powder injections. As of the date of this announcement, our Yidu production base was the largest production base of oseltamivir phosphate formulation in the PRC and can also produce a wide range of insulin products ranging from the second to fourth generation, with an annual production capacity of over 15 million injections. As of the date of this announcement, the annual theoretical production capacity of the Yidu chemical solid formulation production facility had passed 3.5 billion tablets/capsules, 1.6 billion granule packets and 4.5 million vials of freeze-dried powder injections.

We provide a reliable supply of Kewei® (oseltamivir phosphate) for the Chinese national drug reserve. Over the years, we have demonstrated strong and high-standard production capabilities in response to the influenza in China. Meanwhile, we have advanced facilities and high production standards that comply with stringent quality management systems such as GMP. Our team are experienced and able to swiftly align production plans to ensure the continuity and stability supply of oseltamivir phosphate, such that we can provide reliable supply for the national drug reserve.

We have managed to create a virtuous circle in respect of our business model through our integrated capabilities in research and development, production and commercialization. Our strong research and development and production capabilities have facilitated the successful commercialization of our products. The strong operating cash flow generated by the sales of our products not only supports our daily operation, but also allows us to continue to invest in our research and development, production and marketing. Through this virtuous circle, we are able to continuously advance our innovative research and development capabilities, which is essential for us to further strengthen our product portfolio and expand our market shares, eventually leading to our sustainable business growth and maintaining long-term competitive advantage.

V. PERFORMANCE SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025
(Expressed in Renminbi)

	Note	**2025** **RMB'000**	2024 RMB'000
Revenue	3	**4,815,065**	4,018,905
Cost of sales		**(1,129,670)**	(960,274)
Gross profit		**3,685,395**	3,058,631
Other income	4	**131,677**	89,743
Distribution costs		**(1,917,490)**	(1,197,046)
Administrative expenses		**(653,794)**	(557,116)
Research and development costs		**(648,689)**	(887,653)
Reversals/(recognition)of impairment loss on trade and other receivables		**72,620**	(126,011)
Profit from operations		**669,719**	380,548
Finance costs	5(a)	**(230,204)**	(239,787)
Share of profit of an associate		**49**	293
Profit before taxation	5	**439,564**	141,054
Income tax	6	**(169,530)**	(116,251)
Profit for the year		**270,034**	24,803
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**272,442**	(207,434)
Non-controlling interests		**(2,408)**	232,237
Profit for the year		**270,034**	24,803
Earnings/(loss) per share			
Basic *(in RMB)*	7	**0.56**	(0.47)
Diluted *(in RMB)*	7	**0.55**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

for the year ended 31 December 2025
(Expressed in Renminbi)

	2025	2024
	RMB'000	*RMB'000*
Profit for the year	**270,034**	24,803
Other comprehensive income for the year (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(7,667)**	833
	(7,667)	833
Total comprehensive income for the year	**262,367**	25,636
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	**265,079**	(206,685)
Non-controlling interests	**(2,712)**	232,321
Total comprehensive income for the year	**262,367**	25,636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

		As of 31 December	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Fixed assets			
— Property, plant and equipment	*8*		
— Right-of-use assets		**3,845,685**	3,896,563
— Ownership interests in leasehold land held for own use		**340,820**	342,526
— Other properties leased for own use		**123,265**	151,901
		4,309,770	4,390,990
Intangible assets	*9*	**1,483,017**	1,573,456
Financial assets measured at fair value through profit or loss ("**FVPL**")		**–**	17,066
Deferred tax assets		**277,999**	283,490
Interests in an associate		**26,014**	25,464
Prepayments	*10*	**1,245,270**	662,288
		7,342,070	6,952,754
Current assets			
Inventories	*11*	**783,491**	737,821
Prepayments	*10*	**446,651**	426,380
Trade and other receivables	*12*	**1,892,400**	1,894,293
Financial assets measured at FVPL		**15,827**	3,839
Restricted cash		**25,504**	435,617
Cash and cash equivalents		**1,486,796**	1,480,810
		4,650,669	4,978,760
Current liabilities			
Contract liabilities		**152,216**	155,019
Trade and other payables	*13*	**2,596,774**	2,421,629
Bank loans and other borrowings	*14*	**3,197,746**	2,196,225
Lease liabilities		**47,174**	41,147
Current taxation		**43,940**	231
		6,037,850	4,814,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
at 31 December 2025
(Expressed in Renminbi)

		As of 31 December	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Net current (liabilities)/assets		**(1,387,181)**	164,509
Total assets less current liabilities		**5,954,889**	7,117,263
Non-current liabilities			
Bank loans and other borrowings	*14*	**1,368,991**	2,287,068
Deferred income		**181,983**	262,954
Lease liabilities		**65,940**	99,741
		1,616,914	2,649,763
Net assets		**4,337,975**	4,467,500
Capital and reserves	*15*		
Share capital		**576,656**	463,943
Reserves		**3,767,878**	(119,794)
Total equity attributable to equity shareholders of the Company		**4,344,534**	344,149
Non-controlling interests		**(6,560)**	4,123,351
Total equity		**4,337,975**	4,467,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Capital reserve	Merger reserve	Treasury stock	Share-based payment reserve	Exchange reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	15(b)										
Balance at 1 January 2025	**463,943**	**3,621,682**	**(3,722,790)**	**(22,956)**	**331,175**	**5,585**	**226,198**	**(558,688)**	**344,149**	**4,123,351**	**4,467,500**
Changes in equity for 2025:											
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	272,442	272,442	(2,408)	270,034
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(7,363)	–	–	(7,363)	(304)	(7,667)
Total comprehensive income for the year	–	–	–	–	–	(7,363)	–	272,442	265,079	(2,712)	262,367
Acquisition of non-controlling interests through privatisation	112,713	3,974,115	–	–	–	–	–	–	4,086,828	(4,123,154)	(36,326)
Acquisition of non-controlling interests	–	(6,504)	–	–	–	(76)	–	–	(6,580)	(4,043)	(10,623)
Special dividend declared by a subsidiary	–	–	–	–	–	–	–	(584,431)	(584,431)	–	(584,431)
Share repurchase	–	(18,745)	–	(433)	–	–	–	–	(19,178)	–	(19,178)
Equity-settled share-based payment	–	–	–	–	258,667	–	–	–	258,667	–	258,667
Balance at 31 December 2025	**576,656**	**7,570,548**	**(3,722,790)**	**(23,389)**	**589,842**	**(1,854)**	**226,198**	**(870,677)**	**4,344,534**	**(6,560)**	**4,337,975**
Balance at 1 January 2024	463,943	3,621,682	(3,722,790)	(22,956)	108,346	4,752	226,198	(351,254)	327,921	3,847,398	4,175,319
Changes in equity for 2024:											
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	(207,434)	(207,434)	232,237	24,803
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	833	–	–	833	–	833
Total comprehensive income for the year	–	–	–	–	–	833	–	(207,434)	(206,601)	232,237	25,636
Equity-settled share-based payment	–	–	–	–	222,829	–	–	–	222,829	43,716	266,545
Balance at 31 December 2024	463,943	3,621,682	(3,722,790)	(22,956)	331,175	5,585	226,198	(558,688)	344,149	4,123,351	4,467,500

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司, "**the Company**"), formerly known as Sunshine Lake Pharma Ltd. (廣東東陽光藥業有限公司), was established as a limited liability company in Dongguan City, Guangdong Province, the People's Republic of China (the "**PRC**") on 29 December 2003.

On 19 June 2023, the Company was converted into a joint stock limited liability company and with a registered capital of RMB450,000,000 in preparation for the listing of the Company's H shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Upon completion of this conversion, the Company changed its name to Sunshine Lake Pharma Co., Ltd.

On 7 August 2025, the Company's H shares has been listed on the Stock Exchange by way of introduction followed by the privatisation of its subsidiary, Yichang HEC ChangJiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業有限公司, "**HEC CJ Pharm**").

The Company and its subsidiaries (together, the "**Group**") are principally engaged in the research and development, manufacturing and sales of pharmaceuticals. The consolidated financial information for the year ended 31 December 2025 comprise the Company and its subsidiaries.

2 BASIS OF PREPARATION AND CHANGE OF ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2025 but are extracted from those financial information.

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial information is the historical cost basis except for other investments in equity securities, derivative financial instruments of foreign currency option contracts.

(b) Changes in accounting policies

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

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

3 REVENUE

(a) Revenue

The principal activities of the Group are research and development, manufacturing and sales of pharmaceuticals.

Revenue represents the sales value of goods supplied to customers. Revenue is after deduction of any trade discounts. The amount of each significant category of revenue is as follows:

	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of anti-infective drugs	**3,794,282**	2,797,632
Sales of chronic disease treatment drugs	**877,679**	1,067,707
Others	**143,104**	153,566
	4,815,065	4,018,905

The Group's customer base is diversified and includes four (2024: three) customers with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2025, including sales to entities which are known to the Group to be under common control which being treated as a single customer. Revenue from these customers was amounted to RMB2,818,657,000 (2024: RMB1,979,757,000).

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets and other relevant non-current assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the customers are registered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, right-of-use assets and the location of the operation to which they are allocated, in the case of intangible assets and other non-current assets.

Revenue from external customers

	2025	2024
	RMB'000	*RMB'000*
The PRC	**4,724,785**	3,880,476
Overseas	**90,280**	138,429
	4,815,065	4,018,905

Non-current assets

	2025	2024
	RMB'000	*RMB'000*
The PRC	**7,059,802**	6,648,615
Overseas	**4,269**	3,583
	7,064,071	6,652,198

4 OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Government grants	**165,629**	67,780
Interest income from bank deposits and investments	**38,749**	62,283
Net (loss)/gain on disposal of property, plant and equipment	**(3,075)**	18,142
Net gain on foreign currency option contracts	**–**	7,681
Fair value change on financial assets measured at FVPL	**13,643**	(1,787)
Investment (loss)/gain on disposal	**(3,057)**	8,105
Impairment loss on intangible assets	**(67,795)**	(68,308)
Net foreign exchange gain/(loss)	**95**	(4,377)
Others	**(12,512)**	224
	131,677	89,743

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2025	2024
	RMB'000	*RMB'000*
Interest on lease liabilities	**6,489**	6,508
Interest on bank loans and other borrowings	**240,265**	253,282
	246,754	259,790
Less: interest expense capitalised into construction in progress*	**(16,550)**	(20,003)
	230,204	239,787

* The borrowing costs have been capitalised at a rate of 2.90%–5.50% per annum (2024: 4.00%–5.50%)

(b) Staff costs

	2025	2024
	RMB'000	*RMB'000*
Salaries, wages, bonuses and benefits	**1,018,255**	872,264
Equity-settled share-based payment expenses	**258,667**	266,545
Contributions to defined contribution retirement benefit schemes	**57,608**	58,597
	1,334,530	1,197,406

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2025	2024
	RMB'000	*RMB'000*
Current tax		
Provision for CIT for the year	**163,988**	95,694
Under-provision for CIT in respect of prior years	**51**	5,969
	164,039	101,663
Deferred tax		
Origination and reversal of temporary differences	**5,491**	14,588
Total income tax expense	**169,530**	116,251

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

	2025	2024
	RMB'000	*RMB'000*
Profit before taxation	**439,564**	141,054
Notional tax on profit before taxation, calculated at the rates applicable to loss/profit in the jurisdictions concerned	**109,891**	35,264
Under-provision for PRC CIT in respect of prior years	**51**	5,969
Tax effect of non-deductible expenses	**30,470**	22,896
Tax effect of preferential tax rate	**(81,345)**	(47,474)
Tax effect of additional deduction of R&D expenses	**(56,098)**	(85,614)
Tax effect of utilisation of tax losses not recognised in prior years	**(42)**	(1,001)
Tax effect of unused tax losses not recognised	**166,603**	186,211
Actual tax expense	**169,530**	116,251

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable ordinary equity shareholders of the Company of RMB272,442,000 (2024: loss of RMB207,434,000) and the weighted average number of ordinary shares of 487,951,000 shares (2024: 440,987,000 shares) in issue the year, calculated as follows:

	2025	2024
	RMB'000	*RMB'000*
Issued ordinary shares at 1 January	**463,943**	463,943
Effect of ordinary shares issue	**46,964**	–
Effect of treasury stock held by share incentive scheme platforms	**(22,956)**	(22,956)
Weighted average number of ordinary shares at 31 December	**487,951**	440,987

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of RMB272,442,000 (2024: loss of RMB207,434,000) and the weighted average number of ordinary shares of 498,312,000 shares (2024: 440,987,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2025	2024
	RMB'000	*RMB'000*
Weighted average number of ordinary shares at 31 December	**487,951**	440,987
Effect of deemed issue of shares under the Company's share-based payment scheme	**10,361**	–
Weighted average number of ordinary shares at the end of the year in issue or deemed to be in issue	**498,312**	440,987

For the year ended 31 December 2024, the restricted shares of the Company were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive.

8 FIXED ASSETS

(a) Reconciliation of carrying amount

	Property, plant and equipment						Right-of-use assets		
	Plant and buildings *RMB'000*	Machinery *RMB'000*	Office equipment and others *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Sub-total *RMB'000*	Ownership interests in leasehold land held for own use *RMB'000*	Other properties leased for own use *RMB'000*	Total *RMB'000*
Cost:									
At 1 January 2024	1,850,947	1,535,612	891,513	7,186	645,282	4,930,540	413,255	159,606	5,503,401
Additions	11,383	12,116	20,085	829	450,638	495,051	–	93,082	588,133
Transfer from construction in progress	58,279	111,815	98,557	97	(268,748)	–	–	–	–
Reclassification	(11,181)	3,875	7,306	–	–	–	–	–	–
Disposals	(60,354)	(65,559)	(63,986)	–	–	(189,899)	–	(8,751)	(198,650)
At 31 December 2024	1,849,074	1,597,859	953,475	8,112	827,172	5,235,692	413,255	243,937	5,892,884
Additions	4,711	5,267	8,559	279	197,854	216,670	7,236	17,185	241,091
Transfer from construction in progress	285,442	73,563	50,350	–	(409,355)	–	–	–	–
Reclassification	(3,944)	1,504	2,440	–	–	–	–	–	–
Disposals	–	(19,501)	(18,832)	–	–	(38,333)	–	(2,862)	(41,195)
At 31 December 2025	2,135,283	1,658,692	995,992	8,391	615,671	5,414,029	420,491	258,260	6,092,780
Accumulated depreciation:									
At 1 January 2024	(279,208)	(505,899)	(411,646)	(1,787)	–	(1,198,540)	(61,811)	(63,514)	(1,323,865)
Charge for the year	(58,021)	(99,834)	(89,429)	(701)	–	(247,985)	(8,918)	(36,973)	(293,876)
Written-back on disposals	11,774	42,793	52,829	–	–	107,396	–	8,451	115,847
At 31 December 2024	(325,455)	(562,940)	(448,246)	(2,488)	–	(1,339,129)	(70,729)	(92,036)	(1,501,894)
Charge for the year	(58,495)	(107,717)	(95,125)	(758)	–	(262,095)	(8,942)	(44,998)	(316,035)
Written-back on disposals	–	18,815	14,065	–	–	32,880	–	2,039	34,919
At 31 December 2025	(383,950)	(651,842)	(529,306)	(3,246)	–	(1,568,344)	(79,671)	(134,995)	(1,783,010)
Carrying amount:									
At 31 December 2025	1,751,333	1,006,850	466,686	5,145	615,671	3,845,685	340,820	123,265	4,309,770
At 31 December 2024	1,523,619	1,034,919	505,229	5,624	827,172	3,896,563	342,526	151,901	4,390,990

9 INTANGIBLE ASSETS

		Hepatitis C drugs		Insulin		Other drugs		Other	
	Note	Patents RMB'000	Capitalised development costs RMB'000	Intellectual property rights RMB'000	Capitalised development costs RMB'000	Generic drug intellectual property rights RMB'000	Capitalised development costs RMB'000	Golf membership fee RMB'000	Total RMB'000
Cost:									
At 1 January 2024		431,644	284,741	356,930	93,399	1,334,962	351,893	–	2,853,569
Addition through internal development		–	45,852	–	41,825	–	82,664	–	170,341
At 31 December 2024		431,644	330,593	356,930	135,224	1,334,962	434,557	–	3,023,910
Addition through internal development		–	–	–	24,393	–	97,154	–	121,547
Addition through purchase		–	–	–	–	–	–	4,280	4,280
Transfer from development costs to patents		156,081	(156,081)	–	–	–	–	–	–
At 31 December 2025		587,725	174,512	356,930	159,617	1,334,962	531,711	4,280	3,149,737
Accumulated amortisation:									
At 1 January 2024		(198,373)	–	(55,984)	–	(323,004)	–	–	(577,361)
Charge for the year		(7,630)	–	(35,693)	–	(90,299)	–	–	(133,622)
At 31 December 2024		(206,003)	–	(91,677)	–	(413,303)	–	–	(710,983)
Charge for the year		(26,840)	–	(35,693)	–	(85,717)	–	(221)	(148,471)
At 31 December 2025		(232,843)	–	(127,370)	–	(499,020)	–	(221)	(859,454)
Accumulated impairment losses:									
At 1 January 2024		(160,152)	(174,512)	–	–	(336,499)	–	–	(671,163)
Recognised in the year	*(iii)*	–	–	–	–	(68,308)	–	–	(68,308)
At 31 December 2024		(160,152)	(174,512)	–	–	(404,807)	–	–	(739,471)
Recognised in the year	*(iii)*	–	–	–	–	(67,795)	–	–	(67,795)
At 31 December 2025		(160,152)	(174,512)	–	–	(472,602)	–	–	(807,266)
Net book value:									
At 31 December 2025		194,730	–	299,560	159,617	363,340	531,711	4,059	1,483,017
At 31 December 2024		65,489	156,081	265,253	135,224	516,852	434,557	–	1,573,456

(i) The amortisation charge for the year was included in "cost of sales" and "administrative expenses" in the consolidated statements of profit or loss, except to the extent that they are included in the development costs not yet recognised as an expense.

(ii) Development costs were development costs capitalised in accordance with the accounting policy for research and development costs set out the consolidated financial statements.

As of 31 December 2025, two development costs for Hepatitis C drugs, Antaitavir and Emitasivir, were transferred to intangible assets as they were ready for their intended use.

(iii) Intangible assets of the Group are tested for impairment based on the recoverable amount of the cash-generating unit ("**CGU**") to which the intangible assets are related. The impairment test has been conducted by management as of 31 December 2025. For the purpose of impairment testing, the recoverable amount of the intangible assets is determined based on value-in-use calculations. These calculations use the cash flow projections based on the financial forecasts approved by management, with reference to professional valuation reports issued by Beijing Kunyuan Zhicheng Asset Appraisal Co., Ltd. and Beijing Zhongtonghua Asset Appraisal Co., Ltd., independent firms of professionally qualified valuers.

10 PREPAYMENTS

	2025	2024
	RMB'000	*RMB'000*
Non-current		
Prepayments for intangible assets	**6,501**	13,576
Prepayments for property, plant and equipment	**1,238,769**	648,712
	1,245,270	662,288
Current		
Prepayments for materials	**29,486**	66,063
Prepayments for services	**417,165**	360,317
	446,651	426,380
	1,691,921	1,088,668

11 INVENTORIES

	2025	2024
	RMB'000	*RMB'000*
Raw materials	**483,437**	412,554
Work in progress	**123,173**	123,689
Finished goods	**171,900**	198,770
Goods in transit	**4,981**	2,808
	783,491	737,821

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

	2025	2024
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**1,081,882**	913,673
Write-down of inventories	**47,788**	44,650
Cost of inventories sold	**1,129,670**	958,323

12 TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables		
— Related parties	**2,127**	484
— Third parties	**1,403,361**	1,478,085
	1,405,488	1,478,569
Bills receivable	**390,731**	388,561
Less: loss allowance	**(62,811)**	(144,574)
	1,733,408	1,722,556
VAT recoverable	**84,119**	110,009
Other receivables		
— Related parties	**27,046**	121
— Third parties	**56,550**	66,191
	83,596	66,312
Less: loss allowance	**(8,723)**	(4,584)
	158,992	171,737
Total	**1,892,400**	1,894,293

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**1,368,046**	862,710
More than 3 months but within 1 year	**337,481**	793,625
More than 1 year	**27,881**	66,221
	1,733,408	1,722,556

Trade debtors are generally due within 0-90 days from the date of billing. Bills receivable is due in 3 months or 6 months from the date of billing. All of the trade and other receivables of the Group are expected to be recovered within one year.

13 TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**110,480**	101,848
— Third parties	**795,795**	691,060
	906,275	792,908
Bills payable	**126,048**	537,948
VAT and other taxes payable	**142,545**	98,330
Accrued payroll and benefits	**303,839**	193,226
Accrued expenses	**762,642**	589,687
Accrued royalty fee	**117,149**	2,630
Other payables for purchasing fixed assets	**118,765**	154,303
Other payables	**119,511**	52,597
	2,596,774	2,421,629

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

An ageing analysis of trade and bills payables based on the invoice date is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**364,029**	528,819
Over 1 month but within 3 months	**126,019**	182,142
Over 3 months but within 1 year	**293,611**	552,410
Over 1 year	**248,664**	67,485
	1,032,323	1,330,856

14 BANK LOANS AND OTHER BORROWINGS

	Note	2025 RMB'000	2024 RMB'000
Non-current			
Bank loans	*14 (a)*	**1,277,541**	2,093,515
Obligations arising from sale and leaseback transactions	*14 (b)*	**91,450**	193,553
		1,368,991	2,287,068
Current			
Bank loans	*14 (a)*	**2,784,668**	1,921,061
Obligations arising from sale and leaseback transactions	*14 (b)*	**413,078**	275,164
		3,197,746	2,196,225
		4,566,737	4,483,293

(a) Bank loans

The analysis of the repayment schedule of bank loans is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	**2,784,668**	1,921,061
After 1 year but within 2 years	**522,016**	1,090,111
After 2 years but within 5 years	**691,525**	918,070
After 5 years	**64,000**	85,334
	1,277,541	2,093,515
Total	**4,062,209**	4,014,576

As of 31 December 2025, the bank loans were secured as follows:

	2025	2024
	RMB'000	*RMB'000*
Unsecured	**1,267,327**	662,320
Secured	**2,794,882**	3,352,256
Total	**4,062,209**	4,014,576

(i) The Group's bank loans were secured as follows:

	2025	2024
	RMB'000	*RMB'000*
Ownership interests in leasehold land held for own use	**312,621**	293,211
Construction in progress	**477,354**	228,404
Plant and buildings	**1,037,440**	913,422
Bills receivable	**108,105**	105,843
Restricted cash	**9,600**	284,507
	1,945,120	1,825,387

As of 31 December 2025, apart from the above secured assets, the respective bank loans of RMB2,507,984,000 (2024: RMB3,373,597,000) were additionally guaranteed by the ultimate controlling parties, Mr. Zhang Yushuai and the companies owned by the ultimate controlling parties.

(ii) As of 31 December 2025, the total banking facilities amounted to RMB5,071,000,000 (2024: RMB5,255,817,000). Such facilities were utilised to the extent of RMB3,621,317,000 (2024: RMB3,903,599,000). These facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios and intended use of the loans, as commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

(iii) As of 31 December 2025, bank loans of RMB436,415,000 (2024: RMB105,843,000) represented the bills discounted with recourse which were repayable within one year.

(b) Obligations arising from sale and leaseback transactions

Obligations arising from sale and leaseback transactions were repayable as below:

	2025	2024
	RMB'000	*RMB'000*
Within 1 year	**430,446**	293,538
After 1 year but within 2 years	**78,205**	181,625
After 2 years but within 5 years	**15,237**	18,336
Total undiscounted obligations arising from sale and leaseback transactions	**523,888**	493,499
Less: total future interest expenses	**(19,360)**	(24,782)
Total	**504,528**	468,717

All obligations arising from sale and leaseback transactions were secured by plant and buildings and machinery were guaranteed by Shenzhen HEC Industrial Development Co., Ltd., Yichang HEC Power Plant Co., Ltd., Zhejiang HEC Health Pharmaceutical Co., Ltd., and Mr. Zhang Yushuai, the ultimate controlling parties of the Group as of 31 December 2025 and 2024.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividends have been declared by the Company during the years ended 31 December 2025 and 2024.

(b) Share capital

Ordinary shares, issued and fully paid

The paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	2025		2024	
	Number of shares	***RMB'000***	*Number of shares*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**463,943,215**	**463,943**	463,943,215	463,943
Acquisition of non-controlling interests through privatisation	**112,712,832**	**112,713**	–	–
As at 31 December	**576,656,047**	**576,656**	463,943,215	463,943

VI. OPERATION RESULTS AND ANALYSIS

1. Revenue

For the year ended 31 December 2025, the Group's revenue was RMB4,815.07 million, representing an increase of 19.81% compared with the same period in 2024. The profit and total comprehensive income attributable to equity shareholders of the Company was RMB272.44 million, representing an increase of RMB479.87 million compared with the loss and total comprehensive income attributable to equity shareholders of the Company for the year ended 31 December 2024 of RMB207.43 million. This was primarily attributable to the significantly higher incidence of influenza in the second half of 2025 compared to the same period last year. As the preferred medication for the prevention and treatment of influenza, the Group's core product, oseltamivir phosphate, saw a substantial increase in market demand due to its proven efficacy and strong brand reputation, achieving a revenue of RMB3,575.79 million during the year, representing a growth of 38.56% compared with 2024. The Group remains committed to a diversified market development strategy, continuously strengthening its academic promotion systems while optimizing channel distribution and terminal coverage. These efforts have enhanced the market penetration, brand influence, and commercial value of our core products, alongside a robust performance across our other business pipelines. Looking ahead, the Group will build upon the solid foundation of our existing commercial layout and market advantages, with a strategic focus on innovation and internationalization. On one hand, we will accelerate the R&D and commercialization of key products, including innovative drugs and biologics, to consistently enrich our product pipeline and inject strong momentum into long-term growth. On the other hand, we will continue to deepen technical exchanges and strategic collaborations with world-leading multinational pharmaceutical enterprises. By steadily advancing the international layout of our products and market presence, we aim to enhance the Group's long-term sustainable development capabilities and overall competitive strength.

2. Cost of Sales

The Group's cost of sales consists of (1) cost of raw materials, primarily including cost of raw materials, ancillary materials and packaging materials; (2) labour cost, primarily including salaries and benefits of our staff directly involved in manufacturing of our products; (3) manufacturing cost, primarily including depreciation of machinery, equipment and plant and cost of labour protection materials, fuel, machine oil and maintenance; and (4) patent fee paid to third parties in relation to patents and licences. For the year ended 31 December 2025, the cost of sales of the Group amounted to RMB1,129.67 million, representing an increase of RMB169.40 million as compared to RMB960.27 million for the corresponding period of last year, which was mainly because sales volume of Oseltamivir products increased.

3. Gross Profit

For the year ended 31 December 2025, gross profit of the Group was RMB3,685.40 million, representing an increase of 20.49% as compared to RMB3,058.63 million for the year ended 31 December 2024, which was mainly due to the increased in the sales volume of Oseltamivir products.

4. Other Net Income

Other net income/expenses of the Group mainly included (1) government subsidies, primarily representing amortisation of government subsidies for the construction of the production line for Kewei recognised by instalments in accordance with accounting standards, and other subsidies or incentives granted by the local government; (2) interest income; (3) net foreign exchange; (4) net profit or loss of disposal of fixed assets; and (5) other miscellaneous gains. For the year ended 31 December 2025, other net income of the Group amounted to RMB131.68 million, representing an increase of RMB41.93 million as compared to other net income of RMB89.74 million for the corresponding period of last year, which was mainly due to (1) the increase in government subsidies, (2) the increase in gain from fair value change, and (3) the decrease in foreign exchange loss.

5. Expenses Analysis

For the year ended 31 December 2025, the Group's expenses amounted to RMB3,377.56 million in total, representing an increase of RMB369.94 million as compared to RMB3,007.61 million for the year ended 31 December 2024. The main components of the Group's expenses are as follows:

	2025 ***RMB'000***	2024 *RMB'000*	**Change as compared with the corresponding period of 2024** *(%)*
Distribution costs	**1,917,490**	1,197,046	60.19%
Administrative expenses	**653,794**	557,116	17.35%
R&D cost	**648,689**	887,653	-26.92%
(Reversal)/recognition of impairment losses on trade and other receivables	**(72,620)**	126,011	-157.63%
Finance costs	**230,204**	239,787	-4.00%
Total	**3,377,557**	3,007,613	12.30%

Distribution costs mainly consist of (1) marketing expenses relating to conducting academic promotion activities and other marketing activities; (2) travelling expenses for marketing purposes; (3) labour cost; and (4) other expenses. The increase in distribution costs was mainly due to the increased expenditure in advertising and promotion by the Group.

Administrative expenses mainly consist of (1) salary and welfare benefits for the management and administrative personnel; (2) depreciation and amortisation costs relating to our office facilities and land use rights; and (3) taxes and surcharges and other miscellaneous expenses. The increase in administrative expenses was mainly due to the increase in amortization of intangible assets and the increase in listing expenses.

For the year ended 31 December 2025, the Group's investment in the cost of R&D amounted to RMB648.69 million in total and a decrease of 26.92% as compared to the corresponding period of last year.

Finance costs mainly include interests on bank loans.

6. Profit Before Taxation

For the year ended 31 December 2025, the Group's profit before taxation amounted to RMB439.56 million in total, representing an increase of RMB298.51 million as compared to the profit before taxation of RMB141.05 million for the year ended 31 December 2024, which was mainly because sales of the Group's Oseltamivir products increased.

7. Income Tax

For the year ended 31 December 2025, the income tax expenses of the Group amounted to RMB169.53 million, representing an increase of RMB53.28 million as compared to the income tax expenses of RMB116.25 million for the year ended 31 December 2024, which was mainly due to the increase in profit before taxation of the Company.

8. **Profit for the Period**

For the year ended 31 December 2025, the Group recorded a net profit of RMB270.03 million, representing an increase of RMB245.23 million as compared to the net profit of RMB24.80 million for the year ended 31 December 2024, which was mainly because sales of the Group's Oseltamivir products increased.

9. **Profit/loss and Total Comprehensive Income Attributable to Equity Shareholders of the Company**

For the year ended 31 December 2025, profit and total comprehensive income attributable to equity shareholders of the Company was RMB272.44 million, representing an increase of RMB479.87 million as compared to loss and total comprehensive income attributable to equity shareholders of the Company of RMB207.43 million for the year ended 31 December 2024, which was mainly because sales of the Group's Oseltamivir products increased.

VII. FINANCIAL POSITION

1. **Overview**

For the year ended 31 December 2025, the Group's total assets amounted to RMB11,992.74 million, with total liabilities of RMB7,654.76 million and shareholders' equity of RMB4,337.98 million.

For the year ended 31 December 2025, the Group's capital is mainly derived from product sales and is used in production workshop construction, distribution and administrative management etc. The management has clear goals and records in budget, financial and operating performance, and actively monitors them and regularly evaluates internal control measures.

2. Net Current Assets

The following table sets forth our current assets, current liabilities and net current assets for the dates indicated.

	As at 31 December 2025 *RMB'000*	As at 31 December 2024 *RMB'000*
Current assets		
Inventories	**783,491**	737,821
Trade and other receivables	**1,892,400**	1,894,293
Prepayments	**446,651**	426,380
Financial assets measured at FVPL	**15,827**	3,839
Restricted cash	**25,504**	435,617
Cash and cash equivalents	**1,486,796**	1,480,810
Total current assets	**4,650,669**	4,978,760
Current liabilities		
Trade and other payables	**2,596,774**	2,421,629
Contract liabilities	**152,216**	155,019
Bank loans and other borrowings	**3,197,746**	2,196,225
Lease liabilities	**47,174**	41,147
Current taxation	**43,940**	231
Total current liabilities	**6,037,850**	4,814,251
Net current (liabilities)/assets	**(1,387,181)**	164,509

As at 31 December 2025, the Group recorded the total current assets of RMB4,650.67 million, as compared to the total current assets of RMB4,978.76 million as at 31 December 2024. The decrease was primarily attributable to a reduction in current assets of RMB328.09 million, resulting from a decrease in the Company's restricted cash, coupled with an increase in total current liabilities of RMB1,223.60 million, which collectively led to a decrease in the Group's net current assets of RMB1,551.69 million during the Reporting Period.

3. Gearing Ratio and Quick Ratio

Gearing ratio represents the total interest-bearing loans as at a record date divided by total equity as at the same record date. Quick ratio represents current assets (excluding inventories) as at a record date divided by current liabilities as at the same record date.

The Group's gearing ratio increased from 100.35% as at 31 December 2024 to 105.27% as at 31 December 2025 and quick ratio decreased from 0.88 times as at 31 December 2024 to 0.64 times as at 31 December 2025.

4. Bank Loans and Other Borrowings

As at 31 December 2025, the Group's balance of its bank loans and other borrowings amounted to RMB4,566.74 million, which included bank loans of RMB4,062.21 million and obligations arising from sale and leaseback transactions of RMB504.53 million, representing an increase of RMB83.44 million as compared to RMB4,483.29 million as at 31 December 2024. The Group is in good liquidity position with sufficient funding and has no repayment risk. The Group's bank loans were denominated in RMB for the year ended 31 December 2025.

5. Capital Structure

As at 31 December 2025, the Group's total equity attributable to equity shareholders of the Company amounted to RMB4,344.53 million, representing an increase of RMB4,000.39 million as compared to RMB344.15 million as at 31 December 2024.

6. Capital Expenditure

In order to meet the production demand for our products, the Group constructed plants and buildings, machines and equipment and acquired relevant interests of drugs in progress for the year ended 31 December 2025 with an aggregate capital expenditure of RMB926.89 million, representing a decrease of RMB298.31 million as compared to RMB1,225.21 million for the corresponding period of 2024.

7. Contingent Liabilities

For the year ended 31 December 2025, The Group had no significant contingent liabilities, litigation or arbitration of material importance.

8. Pledge of Assets

For the year ended 31 December 2025, the Group's land use rights amounting to RMB312.62 million, construction in progress amounting to RMB477.35 million, fixed assets amounting to RMB1,037.44 million, bills receivable amounting to RMB109.79 million and restricted cash amounting to RMB9.6 million were pledged to banks for bank loans and other borrowings and issuing bills payables.

9. Foreign Exchange and Exchange Rate Risk

The Group's business mainly operates in the PRC. Almost all of the income and expenditure of the Group were denominated in RMB. Other than certain bank loans and bank deposits denominated in foreign currencies, the Group does not have any other material direct exposure to foreign exchange fluctuations.

10. Employee and Remuneration Policies

For the year ended 31 December 2025, the Group has a total of 6,353 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately RMB1,277 million for the year ended 31 December 2025. The objective of the Group's remuneration policy is to motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. The Group's employee remuneration policy is determined by taking into account factors such as the overall remuneration standard in the industry and employee's performance. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Moreover, social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

11. Hedging Activities

For the year ended 31 December 2025, the Group did not enter into any hedging transactions relating to foreign exchange risk or interest rate risk.

12. Significant Investments Held, Material Acquisition and Disposal of Subsidiaries and Associated Companies and Joint Ventures

For the year ended 31 December 2025, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies and joint ventures by the Group.

13. Future Plans for Material Investment or Capital Assets

As of the date of this announcement, the Group does not have any future plan for material investment or acquisition of material capital assets.

VIII. OUR FUTURE STRATEGIC PLANS

We are committed to becoming a vertically integrated world-class pharmaceutical company under the dual driving forces of innovation and internationalization, supported by our excellent commercialization capabilities. By adhering to the corporate mission of "scientific innovation of new drugs for high-quality of healthy life", and focusing on research and development, production and commercialization of innovative drugs, modified new drugs, generic drugs and biosimilar drugs, we are dedicated to developing products with breakthrough potential in both domestic and overseas markets. We will further to achieve structural optimization and business integration and enhance our market competitiveness, which will in turn maximize returns for the shareholders of the Company.

Clarify the direction of future development and enhance the ability to give back to Shareholders

We will have a clear development direction to become a comprehensive pharmaceutical enterprise integrating research, production and sales. We will continuously improve the Group's competitiveness to enhance its ability to give back to the shareholders of the Company.

Increase capital efficiency and expedite product innovation, continuously upgrading product technology to enhance market dominance

We plan to invest our strong operating cash flow into our research and development activities, thus significantly improving the efficiency of our use of funds and providing sufficient support to our research and development pipeline. With ample funds available, we will continue to invest in the enhancement of our own research and development platform to provide patients with better healthcare solutions and high-quality and affordable pharmaceutical products, with a focus on drugs for fields of indications with huge market potential. Such strong research and development capabilities will also continue to enrich our range of long-term commercialized products in the future, allowing us to build a strong foundation for sustainable business growth and long-term value creation.

Streamline decision-making processes and improve operational efficiency

We will streamline the decision-making process and improve the efficiency of business decision-making. We promptly respond to market changes and various challenges, and flexibly adapt our various drug sales channels to facilitate the dual globalized development of market and technology. At the same time, we will accelerate the integration of the middle and back-end architecture and promote an intelligent middle and back-end system that integrates the entire process, including finance, R&D, sales, procurement, inventory, administrative office systems and digital infrastructure. In addition, we will optimize and adjust the previous related-party transaction arrangements to improve decision-making and capital allocation efficiency and reduce governance costs.

Establish presence in the global capital market and enhance our corporate image

As a listed company tapping into the international capital market, we can further enhance our business agility through flexible financing. With a view to becoming a leading listed pharmaceutical company, the Group will continuously enhance our image and market presence among our customers, suppliers and other business partners. At the same time, leveraging our newly gained listing status, we can take advantage of our new status as a listed company to widely attract talents through potential and diverse equity incentive schemes, which in turn will also benefit all the Share Exchange Shareholders.

Enhance our renowned brand image and establish an efficient distribution network

We will continue to promote the presence of our brand in the market. Leveraging the leading market position and brand awareness of our core product Kewei and our rich product pipelines, we will be able to constantly enhance our brand image as a leading vertically integrated pharmaceutical company that integrates drug research and development, production and commercialization. At the same time, we will continue to foster our brand image as a PRC pharmaceutical company in the overseas market and boost our international reputation through cooperation with overseas partners.

To facilitate the commercial development of our product pipelines, we will continue our efforts to develop a more transparent and efficient international distribution network, strengthen the digitalization of our marketing network and data analysis capabilities, enhance the efficiency of our sales process, and optimize our branding and marketing strategies.

Optimizing the overall production system and improving systematic operational efficiency

We will focus on improving all aspects of the production system, accelerating the integration of production facilities and capacity planning in various regions, strengthening production automation and information construction, coordinating supply chain resources and improving procurement and logistics plans, further optimizing the cost structure and product quality of the product pipeline portfolio, reducing costs, and helping us provide high-quality drugs to customers, thereby improving our systematic production and operation efficiency.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company repurchased shares on the Stock Exchange during the year ended 31 December 2025, details of which are as follows:

Month of Repurchase	No. of Shares Purchased	Price Per Share Highest Price Paid	Price Per Share Lowest Price Paid	Total Consideration Paid
		HK$	*HK$*	*HK$*
December 2025	467,000	45.60	42.24	21,063,180

As at 31 December 2025, the Company held 476,000 H Shares as treasury shares.

The Directors conducted the above-mentioned repurchase of H shares pursuant to the mandate approved by the shareholders at the extraordinary general meeting held on 16 December 2025, with the aim of demonstrating the confidence of the Board and the management team in the long-term business prospects and development of the Company. The Board believes that the proposed repurchase is in the best interests of the Company and its shareholders (the "**Shareholders**") as a whole.

All repurchased H shares are held by the Company as treasury shares and are intended for use in employee incentive programs, sale, or transfer to raise liquidity, among other purposes (subject to the actual decision of the Board).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold (including sales of treasury shares), or redeemed any of the Company's listed securities during the reporting period.

FINAL DIVIDEND

The board ("**Board**") of directors ("**Directors**") of the Company resolved not to declare the payment of an final dividend for the year ended 31 December 2025 (year ended 31 December 2024: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no significant events of the Group which have occurred from 31 December 2025 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and supervisors of the Company.

Upon making specific enquiries to all of the Directors and supervisors of the Company, all Directors and supervisors confirmed that each of them has complied with the Model Code during the Reporting Period.

The Group's employees, who are likely to be in possession of inside information of the Group, are subject to the Model Code. During the Reporting Period and up to the date of this announcement, the Company was not aware of any non-compliance with the Model Code by the relevant employees.

AUDITOR

The financial figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG ("**KPMG**"), Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance conclusion has been expressed by KPMG.

REVIEW OF RESULTS

The audit committee has reviewed the 2025 annual results announcement of the Company and the audited financial statements for the year ended 31 December 2025 of the Group prepared in accordance with the IFRS Accounting Standards.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hecpharm.com. The Company's 2025 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board of
Sunshine Lake Pharma Co., Ltd.
Dr. ZHANG Yingjun
Chairman

Dongguan, the PRC
31 March 2026

As at the date of this announcement, the executive Directors are Dr. ZHANG Yingjun and Dr. LI Wenjia, the non-executive Directors are Mr. ZHANG Yushuai, Mr. TANG Xinfa, Mr. ZHU Yingwei, Mr. ZENG Xuebo, Ms. DONG Xiaowei and Ms. WANG Lei, and the independent non-executive Directors are Dr. LI Xintian, Dr. MA Dawei, Dr. YIN Hang Hubert, Dr. LIN Aimei and Dr. YE Tao.

* *For identification purpose only*