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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025, the Group recorded:

- Revenue of RMB 1,937.67 million, representing a decrease of 24.95% as compared with the six months ended 30 June 2024.
- Gross profit of RMB 1,467.61 million, representing a decrease of 28.12% as compared with the six months ended 30 June 2024.
- Profit before interest, tax, depreciation and amortisation of RMB 430.05 million, representing an decrease of RMB 510.60 million as compared to profit before interest, tax, depreciation and amortisation of RMB 940.65 million for the six months ended 30 June 2024.
- Loss and total comprehensive income attributable to equity shareholders of the Company of RMB 54.27 million, representing a decrease of RMB 192.90 million as compared to the profit and total comprehensive income attributable to equity shareholders of the Company of RMB 138.63 million for the six months ended 30 June 2024.
- Both basic and diluted losses per share of RMB 0.11.

INTERIM DIVIDEND

- The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

I. INDUSTRY REVIEW

In the first half of 2025, driven by both global economic recovery and policy support, the pharmaceutical industry saw signs of gradual growth. The scale of China's pharmaceutical market expanded steadily and industrial structure became continually optimised. Despite lingering pressure on medical insurance cost control and centralised procurement price reduction, policies have demonstrated greater rationality, and the overall industry continues to show strong resilience. The integration of chemical drugs has accelerated, biological drugs have become the mainstay, while development of innovative drugs has emerged as the leading and predominant trend of the industry nowadays.

1. Policy Level

Dynamic adjustments to the national medical insurance directory: The China National Healthcare Security Administration has accelerated the inclusion of innovative drugs into the medical insurance directory, speeding up the market launch of innovative drugs, enhancing the competitiveness of companies and providing patients with more options.

Deepening of centralised drug procurement: Continuously promote rational drug pricing to lower drug market access barrier and reduce the burden on patients.

Reform of the review and approval system: The China National Medical Products Administration (國家藥品監督管理局) (the "**NMPA**") has improved the efficiency of innovative drug review and approval, accelerating the drug development process.

Strengthening of data security and privacy protection: Encourage companies to place greater emphasis on data security and patient privacy.

Promotion of environmental protection and sustainable development policies: Promote enterprises to fulfill environmental responsibility and achieve sustainable development.

2. Industry Trends

Continuous Breakthrough in Innovative Drug Therapy: Innovative drugs have achieved continuous breakthrough in core areas, such as infectious diseases, chronic diseases and tumours, as several first-in-class and best-in-class candidate drugs have demonstrated excellent clinical data. Due to breakthrough in therapy, regulatory authorities have recognised accelerated clinical translation and offered full-cycle support for innovative drugs from Research and Development ("**R&D**") to clinical application, driving the formulation of the positive cycle of "R&D breakthroughs — policy incentives — market expansion".

License-In/Out Deals: Chinese innovative drug companies are frequently engaging in License-In/Out deals. Domestic companies are enriching their pipelines by introducing foreign technologies and products, while also promoting their independently developed projects to the international market, so as to enhance their global influence and foster international cooperation and competition.

AI-Powered Drug Development: The use of Artificial Intelligence ("**AI**") in areas such as drug target identification, drug design, and clinical trial optimisation has become increasingly advanced, accelerating the R&D process, lowering costs, and improving success rates. Governmental authorities have demonstrated substantive policy support for AI-powered drug development, fostering the innovation and application of AI-powered drug development technologies.

In the second half of 2025, the pharmaceutical sector is expected to maintain its positive momentum. The overseas expansion of domestically produced innovative drugs, the approval and launch of blockbuster new drugs, and the profitability of biotech companies will drive the development of innovative drug segment. The application of AI-powered drug development technology will be further deepened, and the industry will develop in the direction of innovation, efficiency and sustainability.

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 more than 1,100 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 types of approved drugs, 3 innovative drugs launched on the market and 100 drugs in the pipeline, including 49 Class I innovative drug candidates, in China, mainly comprising (i) 1 Class I innovative drug candidate, for which we have submitted the New Drug Application ("**NDA**") to the NMPA, and (ii) 10 Class I innovative drug candidates 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

The Group's R&D product pipeline made significant progress.

1. Registration and approval progress

2 innovative drugs of the Group were approved for marketing for the first time in China, 2 biosimilars have applied for marketing approval, 2 innovative drugs has been approved for clinical trials, and 4 new drug products have submitted clinical trial applications. 2 generic drug products have obtained drug registration approvals in European and American countries.

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 received its first clinical trial approval.

- Furthermore, applications for clinical trials were submitted by the Group for the new hepatitis B small interfering RNA drug HECN30227, the Long-acting Insulin HEC151, the Lurasidone Hydrochloride capsules, and the Tiotropium Bromide and Olodaterol Inhaler Spray.

Europe and the United States

- A total of 2 generic drug products of the Group have obtained drug registration approvals, namely rivaroxaban 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 National Medical Products Administration to carry out Phase III clinical trials, becoming the first domestically produced innovative drug approved for Phase III clinical trials for this indication.

Clifutinib Besylate Tablets

- In June 2025, the Group's Phase III clinical trial in China for the treatment of relapsed or refractory acute myeloid leukemia with FLT3-ITD mutation is in the rapid enrollment stage.

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, which is currently in the enrollment stage.

HEC53856 Tablets

- In June 2025, the Group completed Phase II clinical enrollment for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies in China, and is currently in the subject follow-up stage.

3. Overview of registration and Phase II and III clinical pipelines

Drug Name	Drug Classification	Target	Indication	Stage
Oloriglifl ozin Capsules	New chemical drug	SGLT2	Type 2 Diabetes	Registration review
Insulin Glargine Injection	Biosimilar	IR	Diabetes	Registration review (USA)
Amlodipine Besylate Granules	New modified drug	CCB	Hypertension, Coronary Heart Disease	Registration review
Insulin Degludec Injection	Biosimilar	IR	Diabetes	Registration review
Insulin Degludec/ Insulin Aspart Injection	Biosimilar	IR	Diabetes	Registration review
Clifutinib Tablets	New chemical drug	FLT3	AML	Phase III clinical
Yinfenidone Tablet	New chemical drug	–	IPF	Phase III clinical
Vonoprazan Injection	Improved new drug	P-CAB	Peptic ulcer bleeding	Phase III clinical
Morphothiadine Capsules	New chemical drug	Capsid	Hepatitis B	Phase III clinical
Larotinib Capsules	New chemical drug	EGFR	Esophageal cancer	Phase III clinical
Liraglutide Injection	Biosimilar	GLP-1	Diabetes	Phase III clinical completed
HEC88473	New biological drug	GLP-1/FGF21	Diabetes Mellitus, MASH, etc.	Phase II clinical
HEC53856	New chemical drug	HIF-PHD	Tumor chemotherapy-related anemia	Phase II clinical
Mitizodone	New chemical drug	5-HT/5-HT1a	Depression	Phase II clinical
HEC95468	New chemical drug	sGC	Pulmonary hypertension	Phase II clinical
HEC96719	New chemical drug	FXR	NASH	Phase II clinical
HEC93077	New chemical drug	XO/URAT1	Gout	Phase II 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 9th IPF Summit in 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 (P<0.1). 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 at the 2025 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 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.

5. Patents

In the first half of 2025, the Group applied for a total of 95 invention patents, and total of 49 invention patents have been authorized. As of 30 June 2025, the Group had applied for a total of 2,513 invention patents, including 383 Patent Cooperation Treaty ("**PCT**") applications, 1,179 domestic invention patents and 951 overseas invention patents. Among them, a total of 1,446 invention patents have been authorized, including 762 domestic invention patents and 684 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 respiratory infectious diseases, drug-resistant bacteria, and pediatric infections.

(1) 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 an IND application was submitted in August 2025.

Product Candidate — HEC ASO

HEC ASO 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 HBV surface antigen levels, with superior in vitro and in vivo efficacy compared to clinical competitors. The drug is currently in preclinical development.

(2) Hepatitis C

The Group has developed an innovative Class 1 drug, Emitasvir Phosphate Capsules, for the treatment of gene-specific chronic Hepatitis C type 1, which has been approved for marketing and included in the National Health Insurance Drug List of China. Additionally, two Class 1 innovative drugs for the treatment of pan-genotypic chronic Hepatitis C — Netanasvir Phosphate Capsules and Encofosbuvir Tablets — were approved for marketing in February 2025 and March 2025, respectively. These two innovative drugs have passed the preliminary formal review of the 2025 National Reimbursement Drug List. This combination therapy offers a domestically developed option for pan-genotypic chronic Hepatitis C patients, achieving an SVR12 rate of up to 95.0%. It also presents a lower risk of drug interactions compared to similar marketed therapies. The Company's Hepatitis C portfolio is the only domestic offering in China covering both gene-specific and pan-genotypic treatment regimens. Leveraging its competitive products and an extensive grassroots sales network, the Group aims to establish itself as the leading domestic brand in Hepatitis C elimination.

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 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 U.S. Food and Drug Administration ("**FDA**") in August 2017, 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. Market)

The Group is one of only two pharmaceutical companies in China developing Insulin Glargine Injection for the U.S. market and has successfully submitted a BLA. The pivotal Phase I 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. In December 2023, the Group formally submitted the BLA for Insulin Glargine Injection to the FDA. 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 the Group's understanding of the FDA's typical BLA review timeline, Insulin Glargine Injection is expected to receive BLA approval in the first half of 2026.

Product Candidate — Oloriglifloz in Capsules

Oloriglifloz in is a Class 1 SGLT-2 inhibitor independently developed by the Group for the treatment of type 2 diabetes mellitus. The Group has submitted a marketing application to the NMPA and responded with supplementary data in May 2025. The application is currently under review. Clinical data indicate that

Oloriglifloxin provides comprehensive hypoglycemic effect. After 24 weeks of treatment, improvements in glycated hemoglobin (HbA1c), fasting blood glucose, and 2-hour postprandial glucose peaks were among the best in its class. Safety data show that the incidence of urinary tract infections was lower than in the placebo group, with no unexpected serious adverse events observed. Metabolic benefits, including significant reductions in body weight and systolic blood pressure from baseline, were also noted. Upon NMPA approval, the Group plans to hold targeted medical promotion meetings and expert seminars to highlight the clinical advantages of Oloriglifloxin, supported by trial data. Additionally, new indications for Oloriglifloxin will be explored to expand its clinical application. We believe that Oloriglifloxin not only treats type 2 diabetes effectively but may also improve cardiovascular outcomes and reduce the risk of chronic kidney disease.

Product Candidate — HEC88473 Injection

The Group's independently developed HEC88473 is a novel GLP-1/FGF21 dual-target long-acting fusion protein injection currently in 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 planned to commence shortly. Simultaneously, an oral dosage form is being developed using a gastrointestinal permeation enhancement strategy. By modulating an organic acid salt permeation system, this oral formulation balances drug absorption and tissue safety. The HEC-007 triple-target peptide molecule is administered orally, with the maximum blood concentration at the same dose reaching more than twice that of the products available on the market, as well as superior bioavailability.

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 plans to initiate Phase I clinical trials soon.

Product Candidate — HEC-301 Injection

HEC-301 is the Group's proprietary growth differentiation factor 15 (GDF15) analogue that reduces energy intake and body weight by activating the downstream signaling pathway of the GDF15 receptor GFRAL. With its innovative molecular design enabling monthly dosing, HEC-301 aims to improve patient compliance and has best-in-class potential. Preclinical studies show HEC-301 achieves significantly better weight loss than semaglutide at lower dosing frequencies and doses, along with improvements in multiple metabolism-related indicators. In terms of PK, the half-life of HEC-301 in animal models is nearly four times that of similar drugs. We received the clinical trial approval notice issued by NMPA in July 2025.

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 HEC151 has albumin-binding activity comparable to Novo Nordisk's marketed "Icodec" insulin. Regarding activity, HEC151 demonstrates superior glucose control and a more stable hypoglycemic effect compared to "Icodec" insulin. The Group submitted the IND application for HEC151 in China in June 2025.

Product Candidate — HECB1502201 (Vonoprazan Fumarate Injection)

HECB1502201 (Vonoprazan Fumarate Injection) is a potassium-ion competitive acid blocker (P-CAB) independently developed by the Group for the treatment of peptic ulcer bleeding. It is an improved new drug that reduces gastric acid secretion by inhibiting the enzymes responsible for acid production in the stomach. Compared to the original tablet Vocinti® (Vonoprazan Tablets), HECB1502201 addresses the clinical needs of patients with peptic ulcer

bleeding that cannot be solved by oral preparations, including high-risk patients who cannot take oral medications due to severe condition, and patients who need to quickly increase gastric pH to achieve rapid hemostasis. We have completed Phase II clinical trials of HECB1502201 and commenced Phase III trial enrollment in March 2025. Phase I clinical trial results showed that compared with standard therapy using PPI injections, HECB1502201 provides superior control of gastric pH, with acid suppression exceeding that of esomeprazole sodium injection. It also has full efficacy from the first dose and shows good acid control effect at night. 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.

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 (TCE), 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 acute myeloid leukemia ("**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. The Center for Drug Evaluation has agreed to allow interim analysis submission based on CR/CRh rates in Phase III trials as a surrogate efficacy endpoint for conditional marketing approval. 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 and hope to complete the enrollment of the sample size required for the interim analysis this year. 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 efficacy is unaffected by food intake or renal impairment, making it a flexible and suitable treatment option for patients with renal insufficiency. The Group is currently advancing Phase II clinical trials of HEC53856 for chemotherapy-related anemia , and has completed Phase II enrollment.

Product Candidate — HEC921 Injection

HEC921 is the world's first bispecific antibody targeting lymphocyte antigen 6 family member G6D (LY6G6D) and tumor necrosis factor receptor superfamily member 9 (4-1BB). This novel (first-in-class) targeted, activating tumor immunotherapy agent is intended for colorectal cancer treatment. 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. Ongoing preclinical studies of HEC921 were presented as a poster at the 2025 AACR Annual Meeting, garnering broad attention.

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, or KRAS G12C inhibitors yields synergistic effects. 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 our AIDD laboratory, and has received HEC169584 clinical trial clearance. We efficiently support drug discovery by effectively integrating all aspects of the drug development process to achieve seamless operations.

1. Core Highlights of AI Powered R&D

The Group has established a HEC drug intelligent discovery platform covering the entire drug development cycle. With six self-developed models as the core, the platform integrates large models and special tools in vertical fields to build a full-process intelligent drug development system from target prediction to AI protein structure prediction and molecular simulation, which systematically improves R&D efficiency and provides a core driving force for innovative drug research and development.

(1) In terms of dedicated models, the Group, in collaboration with DP Technology, jointly released the world's first pharmacokinetic (PK) prediction model based on the coupling of pre-training and neural ordinary differential equations. By deeply integrating mechanistic modeling with deep learning, this model establishes a closed-loop research paradigm of "experimental data — mechanistic model — intelligent prediction" for innovative drug development. It is expected to accelerate the pharmaceutical industry's transformation from "trial-and-error development" to a "precision design" model.

(2) In terms of large models, the Group has developed a full-process formulation model covering the entire workflow from dosage form design to quality prediction. Leveraging an innovative R&D system, the model delivers three core functions: intelligent prescription design, process risk early warning, and bioequivalence prediction. This reflects the Group's cutting-edge exploration in AI-driven pharmaceutical R&D empowered by large language models.

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 research and development

Molecular Design Module

(1) HEC-GEN Drug Molecule Generation Model

HEC-GEN constructs a protein — molecule composite input matrix based on protein surface parameterization and small molecule atom/bond attributes encoded through molecular graphs. It employs a variant 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. The Group has simultaneously implements druggability constraints to ensure the generated molecules exhibit both target specificity and favourable drug-like properties. This model has already been applied to the Thyroid Hormone Receptor Targeted Drug Development Project HEC169584. Using the core pharmacophores of known active compounds MGL-3196 and VK2809 as inputs, along with protein structural features, a library of candidate compounds was generated in batches. Following screening through a multi-dimensional evaluation system, lead compounds with significant advantages were ultimately identified.

(2) HEC-3DQSAR Drug Molecule Design Model

HEC-3DQSAR integrates Open3DQSAR, Open3DALIGN, and other software to enable a fully automated workflow covering molecular data preprocessing, molecular alignment, molecular interaction field calculation, and model construction. It can automatically process data, generate high-quality QSAR models, and present modeling results through graphical and data reports. By correlating 3D molecular structural features with activity data, the platform enables rapid analysis of compound structure — activity relationships, guiding lead compound optimization and improving drug design efficiency.

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 closed loop 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

Our 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) Vertical Large Model — The World's First Domain-Specific Natural Language Model for Pharmaceutical Formulations

The Group's R&D team has launched the world's first domain-specific natural language model for pharmaceutical formulations via a system incorporating processes from "multi-source heterogeneous data standardization through to reinforcement learning with expert feedback". This model is optimized based on general foundation models such as DeepSeek and Qwen, and delivers three core functions: intelligent prescription design, process risk warning, and bioequivalence prediction. Its intelligent knowledge base incorporates the Group's critical experimental data, including over 210,000 formulation records, more than 12,000 pharmaceutics publications, over 2,000 core process patents, and pharmacopeias from China, the United States, Europe, and Japan. Built on the locally deployed DeepSeek-R1 model using advanced retrieval-augmented generation technology, it reduces hallucinations common in large language models. This model enables intelligent integration across the entire chain from prescription design to production quality control, bridging technical gaps such as the cross-scale collaborative design of formulation components and process parameters, and provides an interactive, interpretable next-generation intelligent infrastructure for formulation R&D.

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. Our plan 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 "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.

III. SALES REVIEW

In the PRC market, we have a nationwide product sales and distribution network. Our sales team has 1,888 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 2,500 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. We also actively participate in national medical insurance negotiations in respect of our innovative drugs. Our exceptional commercialization capabilities have helped us maintain our leading position as a pharmaceutical company in China.

In terms of the anti-viral pediatric business pipeline, the Group's oseltamivir phosphate product achieved a revenue of RMB 1,301.18 million by leveraging its strong brand value and extensive market penetration, thus maintaining its leading position in the domestic anti-influenza market. In June 2025, the Group's Kewei Granules invention patent "Oseltamivir Phosphate Granule and its preparation method of" 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 first half of 2025, insulin series products achieved revenue of RMB 122.0 million, representing a significant increase of 148.0% 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 genoty-pespecific chronic hepatitis C, Emitasvir Phosphate Capsules, achieved a revenue of RMB 42.3 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.

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 the first half of 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 seek for collaboration with 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. We currently 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. A large-scale biologics facility that complies with international GMP standards is expected be completed in 2026, equipped with production lines for cell, E coli fermentation and yeast fermentation as planned, which will provide solid 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 today, 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 today, 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 AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,937,667**	2,581,934
Cost of sales		**(470,055)**	(540,125)
Gross profit		**1,467,612**	2,041,809
Other income	*5(a)*	**34,831**	78,439
Distribution costs		**(715,622)**	(683,736)
Administrative expenses		**(309,060)**	(277,955)
Research and development cost		**(348,216)**	(402,382)
Reversals/(recognition) of impairment loss on trade and other receivables		**80,350**	(18,631)
Profit from operations		**209,895**	737,544
Finance costs	*5(b)*	**(114,291)**	(129,808)
Share of profit/(loss) of an associate		**49**	(16)
Profit before taxation	*5*	**95,653**	607,720
Income tax	*6*	**(81,001)**	(134,293)
Profit for the period		**14,652**	473,427
Attributable to:			
Equity shareholders of the Company		**(46,370)**	142,143
Non-controlling interests		**61,022**	331,284
Profit for the period		**14,652**	473,427
(Loss)/earnings per share			
Basic and diluted *(in RMB)*	*7*	**(0.11)**	0.32

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Profit for the period	**14,652**	473,427
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(8,236)**	(3,510)
	(8,236)	(3,510)
Total comprehensive income for the period	**6,416**	469,917
Attributable to:		
Equity shareholders of the Company	**(54,266)**	138,633
Non-controlling interests	**60,682**	331,284
Total comprehensive income for the period	**6,416**	469,917

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Fixed assets	*8*		
— Property, plant and equipment		**3,853,422**	3,896,563
— Right-of-use assets			
— Ownership interests in leasehold land held for own use		**338,067**	342,526
— Other properties leased for own use		**144,722**	151,901
		4,336,211	4,390,990
Intangible assets	*9*	**1,562,691**	1,573,456
Interests in an associate		**25,513**	25,464
Financial assets measured at fair value through profit or loss ("**FVPL**")	*10*	**–**	17,066
Prepayments	*11*	**1,285,365**	662,288
Deferred tax assets		**263,351**	283,490
Total non-current assets		**7,473,131**	6,952,754
Current assets			
Inventories	*12*	**759,912**	737,821
Trade and other receivables	*13*	**1,804,336**	1,894,293
Prepayments	*11*	**701,894**	426,380
Financial assets measured at FVPL	*10*	**33,676**	3,839
Restricted cash	*14*	**253,594**	435,617
Cash and cash equivalents	*14*	**1,036,905**	1,480,810
Total current assets		**4,590,317**	4,978,760
Current liabilities			
Trade and other payables	*15*	**2,252,402**	2,421,629
Contract liabilities		**135,433**	155,019
Bank loans and other borrowings	*16*	**2,514,928**	2,196,225
Lease liabilities		**46,257**	41,147
Current taxation		**245**	231
Total current liabilities		**4,949,265**	4,814,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
at 30 June 2025 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Net current (liabilities)/assets		**(358,948)**	164,509
Total assets less current liabilities		**7,114,183**	7,117,263
Non-current liabilities			
Bank loans and other borrowings	*16*	**2,164,660**	2,287,068
Deferred income		**258,607**	262,954
Lease liabilities		**87,331**	99,741
Total non-current liabilities		**2,510,598**	2,649,763
Net assets		**4,603,585**	4,467,500
Capital and reserves	*18*		
Share capital		**463,943**	463,943
Reserves		**(72,760)**	(119,794)
Total equity attributable to equity shareholders of the Company		**391,183**	344,149
Non-controlling interests		**4,212,402**	4,123,351
Total equity		**4,603,585**	4,467,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Capital reserve *RMB'000*	Merger reserve *RMB'000*	Treasury stock *RMB'000*	Shared-based payment reserve *RMB'000*	Exchange reserve *RMB'000*	Statutory reserve *RMB'000*	Accumulated loss *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
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
Change in equity for the six months ended 30 June 2024:												
Profit and total comprehensive income for the period		–	–	–	–	–	–	–	142,143	142,143	331,284	473,427
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	(3,510)	–	–	(3,510)	–	(3,510)
Total comprehensive income for the period		–	–	–	–	–	(3,510)	–	142,143	138,633	331,284	469,917
Equity-settled share-based payments	*17*	–	–	–	–	111,030	–	–	–	111,030	21,931	132,961
Balance at 30 June 2024 and 1 July 2024		463,943	3,621,682	(3,722,790)	(22,956)	219,376	1,242	226,198	(209,111)	577,584	4,200,613	4,778,197
Changes in equity for the six months ended 31 December 2024:												
Loss and total comprehensive income for the period		–	–	–	–	–	–	–	(349,577)	(349,577)	(99,047)	(448,624)
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	4,343	–	–	4,343	–	4,343
Total comprehensive income for the period		–	–	–	–	–	4,343	–	(349,577)	(345,234)	(99,047)	(444,281)
Equity-settled share-based payments	*17*	–	–	–	–	111,799	–	–	–	111,799	21,785	133,584
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2025 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Capital reserve *RMB'000*	Merger reserve *RMB'000*	Treasury stock *RMB'000*	Shared-based payment reserve *RMB'000*	Exchange reserve *RMB'000*	Statutory reserve *RMB'000*	Accumulated loss *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
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 the six months ended 30 June 2025:												
Profit/(loss) and total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(46,370)**	**(46,370)**	**61,022**	**14,652**
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	**–**	**–**	**–**	**–**	**(7,896)**	**–**	**–**	**(7,896)**	**(340)**	**(8,236)**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**(7,896)**	**–**	**(46,370)**	**(54,266)**	**60,682**	**6,416**
Equity-settled share-based payments	*17*	**–**	**–**	**–**	**–**	**107,761**	**–**	**–**	**–**	**107,761**	**21,908**	**129,669**
Injection of capital in a subsidiary	*18(c)*	**–**	**(6,461)**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,461)**	**6,461**	**–**
Balance at 30 June 2025		**463,943**	**3,615,221**	**(3,722,790)**	**(22,956)**	**438,936**	**(2,311)**	**226,198**	**(605,058)**	**391,183**	**4,212,402**	**4,603,585**

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Operating activities		
Cash generated from operations	**81,191**	325,030
Corporate Income Tax ("**CIT**") paid	**(60,847)**	(241,037)
Net cash generated from operating activities	**20,344**	83,993
Investing activities		
Interest received	**17,525**	57,591
Proceeds from disposal of financial assets	**3,510,000**	1,940,000
Dividends received from listed equity securities	**198**	–
Payments for purchase of property, plant and equipment	**(748,197)**	(503,027)
Payments for development costs	**(25,379)**	(109,329)
Payments for purchase of intangible assets	**–**	(404)
Decrease/(increase) in restricted cash	**182,023**	(756,132)
Payments for investments in financial assets	**(3,510,000)**	(1,940,000)
Proceeds from disposal of property, plant and equipment	**362**	28,954
Net cash used in investing activities	**(573,468)**	(1,282,347)
Financing activities		
Proceeds from bank loans	**1,301,414**	2,308,888
Proceeds from borrowings under sale and leaseback transactions	**342,513**	218,131
Repayments of bank loans	**(1,160,086)**	(1,194,118)
Payments for capital element of obligations arising from sale and leaseback transactions	**(210,340)**	(232,509)
Deposits paid for sale and leaseback transactions	**(3,000)**	–
Interest paid	**(112,203)**	(176,638)
Capital element of lease rentals paid	**(43,547)**	(30,884)
Interest element of lease rentals paid	**(2,710)**	(6,148)
Listing expenses paid	**(3,042)**	–

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*
for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Net cash generated from financing activities	**108,999**	886,722
Net decrease in cash and cash equivalents	**(444,125)**	(311,632)
Cash and cash equivalents at 1 January	**1,480,810**	1,920,158
Effect of foreign exchange rate changes	**220**	(3,372)
Cash and cash equivalents at 30 June	**1,036,905**	1,605,154

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORTS

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), including compliance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* as issued by the International Accounting Standard Board ("**IASB**"). It was authorised for issue on 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended 31 December 2022, 2023 and 2024 (the "**Historical Financial Information**") as disclosed in Appendix I to the listing document dated 30 June 2025 (the "**Listing Document**") issued by the Company, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together the "**Group**") since 31 December 2024 in the Historical Financial Information as disclosed in Appendix I to the Listing Document. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). KPMG's independent review report to the Board of Directors is included on pages 31 to 32.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amended IFRS Accounting Standard has not had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of 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. Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of anti-infective drugs	**1,411,631**	2,047,826
Sales of chronic disease treatment drugs	**473,020**	507,940
Others	**53,016**	26,168
	1,937,667	2,581,934

(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 the Group's revenue from external customers. The geographical location of customers is based on the location at which the customers are registered.

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
The PRC	**1,911,515**	2,566,280
Overseas	**26,152**	15,654
	1,937,667	2,581,934

4 SEASONALITY OF OPERATIONS

The Group's key product, Kewei, is a type of anti-viral drugs for the treatment and prevention of influenza. The Group experiences a higher sale in first and fourth quarter of a year.

For the twelve months ended 30 June 2025, the Group reported revenue of RMB 3,374,638,000 (twelve months ended 30 June 2024: RMB 5,710,741,000), and gross profit of RMB 2,464,183,000 (twelve months ended 30 June 2024: RMB 4,513,306,000).

5 PROFIT BEFORE TAXATION

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

(a) Other income

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Interest income	**17,525**	47,082
Government grants		
— Unconditional subsidies	**7,807**	12,933
— Conditional subsidies	**4,749**	10,941
Net (loss)/gain on disposal of fixed assets	**(7,544)**	2,125
Fair value change on listed equity securities *(Note 10)*	**10,776**	(6,377)
Fair value change on foreign currency option contracts	**–**	14,472
Net foreign exchange gain/(loss)	**4,517**	(1,861)
Investment income/(loss)	**198**	(2,386)
Others	**(3,197)**	1,510
	34,831	78,439

(b) Finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Interest on bank loan and other borrowing costs	**122,004**	131,822
Interest on lease liabilities	**2,710**	6,148
	124,714	137,970
Less: interest expense capitalised into construction in progress	**(10,423)**	(8,162)
	114,291	129,808

(c) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Depreciation *(Note 8)*	**151,832**	143,059
Less: amount capitalised as development costs	**(1,641)**	(7,171)
	150,191	135,888
Amortisation *(Note 9)*	**70,005**	67,377
Less: amount capitalised as development costs	**(93)**	(146)
	69,912	67,231
Listing expenses	**5,139**	11,330
Write-down/(reversal of write-down) of inventories *(Note 12)*	**8,628**	(11,095)

6 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Current tax		
Provision for CIT for the periods	**60,811**	89,694
Under-provision for CIT in respect of prior periods	**51**	6,414
	60,862	96,108
Deferred tax		
Origination and reversal of temporary differences	**20,139**	38,185
Total income tax expense	**81,001**	134,293

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

(i) Mainland China

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

The CIT Law of the Chinese mainland allows enterprises to apply for the certificate of "High and New Technology Enterprise" ("**HNTE**") which entitles the qualified companies to a preferential income tax rate of 15%. The Company and its subsidiaries, YiChang HEC ChangJiang Pharmaceutical Co., Ltd. ("宜昌東陽光長江藥業有限公司", "**HEC CJ Pharm**") and Yichang HEC Pharmaceutical Co., Ltd. ("宜昌東陽光製藥有限公司"), were recognised as HNTE and enjoyed a preferential CIT rate of 15% for the six months ended 30 June 2025 and 2024.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the Chinese mainland that have been effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits for the six months ended 30 June 2025 and 2024.

(ii) Hong Kong

The provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first Hong Kong Dollar ("**HKD**") 2,000,000 and 16.5% for any assessable profits in excess of HKD 2,000,000. The Group's subsidiary in Hong Kong did not have any assessable profits for the six months ended 30 June 2025 and 2024.

(iii) The USA

The Company's subsidiary is registered in New Jersey and is subject to a 9% corporate income tax rate.

(iv) The GFR

The Company's subsidiary is subject to corporate income tax which is charged at a rate of 15% on the taxable income. A 5.5% solidarity surcharge is charged on the CIT, resulting in an effective tax rate of 15.825%. There were no assessable profits for the six months ended 30 June 2025 and 2024.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB 46,370,000 (six months ended 30 June 2024: earnings of RMB 142,143,000) and the weighted average number of 440,987,000 ordinary shares (six months ended 30 June 2024: 440,987,000 ordinary shares) in issue during the six months ended 30 June 2025.

(b) Diluted (loss)/earnings per share

For the six months ended 30 June 2025 and 2024, diluted (loss)/earnings per share were the same as the basic earnings per share.

8 FIXED ASSETS

	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	–	558	5,478	154	83,652	89,842	–	15,117	104,959
Transfer from construction in progress	61,462	15,367	10,193	–	(87,022)	–	–	–	–
Disposals	–	(15,262)	(12,172)	–	–	(27,434)	–	(965)	(28,399)
At 30 June 2025	1,910,536	1,598,522	956,974	8,266	823,802	5,298,100	413,255	258,089	5,969,444
Accumulated depreciation and amortisation:									
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 period	(29,557)	(49,897)	(45,247)	(376)	–	(125,077)	(4,459)	(22,296)	(151,832)
Written-back on disposals	–	10,768	8,760	–	–	19,528	–	965	20,493
At 30 June 2025	(355,012)	(602,069)	(484,733)	(2,864)	–	(1,444,678)	(75,188)	(113,367)	(1,633,233)
Carrying amount:									
At 30 June 2025	1,555,524	996,453	472,241	5,402	823,802	3,853,422	338,067	144,722	4,336,211
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

(i) As at 30 June 2025, the Group was applying for certificates of ownership for certain properties, with carrying value of RMB 266,790,000 (31 December 2024: RMB 271,636,000). The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

(ii) As at 30 June 2025, amount of RMB 316,775,000 (31 December 2024: RMB 293,211,000) of the ownership interests in leasehold land held for own use, amount of RMB 490,068,000 (31 December 2024: RMB 228,404,000) of construction in progress and amount of RMB 1,052,072,000 (31 December 2024: RMB 913,422,000) of plant and buildings were held in pledge for bank loans.

(iii) The Group sold some of its machinery and equipment to external parties and leased them back for a term of 1 to 3 years. The Group determined the transfers to buyer-lessor were not considered as sales under IFRS15, thus the Group continues to recognise the underlying assets, and recognises financial liabilities for the considerations received. As at 30 June 2025, the carrying amounts of the plant and buildings and machinery pledged for the aforementioned sale and leaseback transactions were RMB 623,340,000 (31 December 2024: RMB 465,444,000) (Note 16(b)).

9 INTANGIBLE ASSETS

	Hepatitis C Drugs		Insulin		Other Drugs		
	Patent	Capitalised development costs	Insulin intellectual property rights	Capitalised development costs	Generic drug intellectual property rights	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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	–	6,840	–	41,825	–	121,676	170,341
At 31 December 2024	431,644	291,581	356,930	135,224	1,334,962	473,569	3,023,910
Addition through internal development	–	40,704	–	3,642	–	14,894	59,240
Transfer from development costs to patents	156,080	(156,080)	–	–	–	–	–
At 30 June 2025	587,724	176,205	356,930	138,866	1,334,962	488,463	3,083,150
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 period	(11,880)	–	(17,844)	–	(40,281)	–	(70,005)
At 30 June 2025	(217,883)	–	(109,521)	–	(453,584)	–	(780,988)

	Hepatitis C Drugs		Insulin		Other Drugs		
	Patent	Capitalised development costs	Insulin intellectual property rights	Capitalised development costs	Generic drug intellectual property rights	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment loss:							
At 1 January 2024	(160,152)	(174,512)	–	–	(336,499)	–	(671,163)
Recognised in the year	–	–	–	–	(68,308)	–	(68,308)
At 31 December 2024 and At 30 June 2025	(160,152)	(174,512)	–	–	(404,807)	–	(739,471)
Net book value:							
At 30 June 2025	209,689	1,693	247,409	138,866	476,571	488,463	1,562,691
At 31 December 2024	65,489	117,069	265,253	135,224	516,852	473,569	1,573,456

(i) As at 30 June 2025, the capitalised development costs were under development and not yet ready for use.

(ii) Impairment review on the intangible assets of the Group has been conducted by the management as at 30 June 2025. No impairment was recognised for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB 2,386,000) based on the impairment evaluation result, which was recognised as impairment loss in the "other income" in the consolidated statement of profit or loss and other comprehensive income.

10 FINANCIAL ASSETS MEASURED AT FVPL

	Note	At 30 June 2025	At 31 December 2024
		RMB'000	*RMB'000*
Non-current			
— Investment in listed equity securities	*(i)*	**–**	17,066
Current asset			
— Investment in listed equity securities	*(i)*	**27,842**	–
— Investment in a private fund	*(ii)*	**5,834**	3,839
		33,676	3,839

(i) The Group's investment in listed equity securities represented share holdings in Beijing Sunho Pharmaceutical Co., Ltd., a company listed in Beijing Stock Exchange and engaged in manufacturing and sales of pharmaceutical products. As at 30 June 2025, the Group classified its investment in listed equity securities to current financial assets measured at FVPL, as the investment had been subsequently disposed.

During the six months ended 30 June 2025, the net fair value gain in respect of the Group's investments in listed equity securities recognised in profit or loss amounted to RMB 10,776,000 (six months ended 30 June 2024: net fair value loss amounted to RMB 6,377,000).

(ii) The Group invested in a private fund in 2024. Pursuant to the agreement, the investment in the private fund is designated to make the majority of its investments in portfolios where the principal and return of the investment are not guaranteed.

As at 30 June 2025, the balance of the investment in the private fund represented the remaining principal amounted to RMB 5,105,000 (30 June 2024: nil). and the corresponding fair value gain amounted to RMB 729,000 (30 June 2024: nil).

11 PREPAYMENTS

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Non-current		
Prepayments for intangible assets	**13,106**	13,576
Prepayments for property, plant and equipment	**1,272,259**	648,712
	1,285,365	662,288
Current		
Prepayments for materials	**20,585**	66,063
Prepayments for services	**681,309**	360,317
	701,894	426,380
	1,987,259	1,088,668

12 INVENTORIES

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Raw materials	**440,778**	412,554
Work in progress	**127,223**	123,689
Finished goods	**187,401**	198,770
Goods in transit	**4,510**	2,808
	759,912	737,821

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**350,046**	504,840
Write-down/(reversal of write-down) of inventories	**8,628**	(11,095)
Cost of inventories sold	**358,674**	493,745

13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the aging analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Within 3 months	**928,591**	862,710
More than 3 months but within one year	**669,341**	793,625
More than 1 year	**32,828**	66,221
Trade and bills receivable, net of allowance for doubtful debts	**1,630,760**	1,722,556
Other receivables, net of allowance for doubtful debts	**69,844**	61,728
Prepaid tax and deductible value-added tax	**103,732**	110,009
Financial assets measured at amortised cost	**1,804,336**	1,894,293

Trade receivables are generally due within 30–90 days from the date of billing. Bills receivable is due in 3 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.

Bills receivable with carrying value of RMB 18,837,000 (31 December 2024: RMB 105,843,000) were pledged as securities of bank loans of the Group as at 30 June 2025.

14 CASH AND CASH EQUIVALENTS

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Cash at bank	**1,290,499**	1,916,427
Less: restricted cash *(i)*	**(253,594)**	(435,617)
Cash and cash equivalents in the cash flow statement	**1,036,905**	1,480,810

(i) As at 30 June 2025, the balance mainly represented amount of RMB 145,000,000 (31 December 2024: RMB 284,507,000) of the restricted cash were held in pledge for bank loans (See Note 16).

15 TRADE AND OTHER PAYABLES

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**91,411**	101,848
— Third parties	**694,478**	691,060
Bill payable	**575,092**	537,948
VAT and other taxes payable	**92,304**	98,330
Accrued payroll and benefits	**159,771**	193,226
Accrued expenses	**469,177**	589,687
Other payables for purchasing fixed assets	**87,939**	154,303
Other payables	**82,230**	55,227
	2,252,402	2,421,629

As of the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Within 1 month	**294,804**	528,819
1 to 3 months	**182,473**	182,142
Over 3 months but within 1 year	**792,483**	552,410
Over 1 year	**91,221**	67,485
	1,360,981	1,330,856

16 BANK LOANS AND OTHER BORROWINGS

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Non-current		
Bank loans	**1,970,327**	2,093,515
Obligations arising from sale and leaseback transactions	**194,333**	193,553
	2,164,660	2,287,068
Current		
Bank loans	**2,099,217**	1,921,061
Obligations arising from sale and leaseback transactions	**415,711**	275,164
	2,514,928	2,196,225
	4,679,588	4,483,293

(a) Bank loans

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

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Within 1 year or on demand	**2,099,217**	1,921,061
After 1 year but within 2 years	**935,928**	1,090,111
After 2 years but within 5 years	**959,732**	918,070
After 5 years	**74,667**	85,334
	1,970,327	2,093,515
Total	**4,069,544**	4,014,576

At 30 June 2025, the bank loans were secured as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Unsecured	**958,297**	662,320
Secured	**3,111,247**	3,352,256
Total	**4,069,544**	4,014,576

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

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
— Ownership interests in leasehold land held for own use	**316,775**	293,211
— Construction in progress	**490,068**	228,404
— Plant and buildings	**1,052,072**	913,422
— Bills receivable *(ii)*	**18,837**	105,843
— Restricted cash	**145,000**	284,507
— Equity interest of a subsidiary	**2,231,803**	–
	4,254,555	1,825,387

Apart from the above secured assets, the bank loans of RMB 3,637,024,000 (31 December 2024: RMB 3,373,597,000), was additionally guaranteed by Shenzhen HEC Industrial Development Co., Ltd. ("**Shenzhen HEC Industrial**"), Mr. Zhang Yushuai and Mrs. Guo Meilan, the ultimate controlling shareholder of the Group.

(ii) As at 30 June 2025, the bank loans of RMB 18,837,000 (31 December 2024: RMB 105,843,000) 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:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Within 1 year	**438,230**	293,538
After 1 year but within 2 years	**191,180**	181,625
After 2 years but within 3 years	**9,168**	18,336
Total undiscounted obligations arising from sale and leaseback transactions	**638,578**	493,499
Less: total future interest expenses	**(28,534)**	(24,782)
Total	**610,044**	468,717

All obligations arising from sale and leaseback transactions were secured by plant and buildings and machinery, and were guaranteed by Shenzhen HEC Industrial, Yichang HEC Power Plant Co., Ltd., Mr. Zhang Yushuai and Ms. Guo Meilan, the ultimate controlling parties of the Group as of 30 June 2025 and 31 December 2024.

17 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company adopted a restricted share scheme in June 2023 (the "**2023 Restricted Share Scheme**") for the purpose of attracting and retaining the employees. Under the 2023 Restricted Share Scheme, a total 22,879,253 out of 22,955,784 restricted shares of the Company may be granted to the selected employees serving in the Group at a subscription price, of RMB 0.7738 per share. These restricted shares will vest after the 5th anniversary of the grant date, on the condition that the employees remain in service and have fulfilled certain performance requirements. If employees leave the Group before the vesting date or fail to fulfil the performance requirements, the restricted shares will be forfeited. The forfeited shares will be repurchased by a shareholder designated by the Group at the original subscription price and with an additional 3% per annum interest, and if applicable, and could be reallocated in the subsequent grants at the discretion of the Company.

On 18 July 2023, 22,879,253 restricted shares of the Company under the 2023 Restricted Share Scheme were granted to the selected employees serving in the Group. The weighted average grant date fair value of restricted shares per share and aggregate fair value of restricted shares at the date of grant were RMB 57.71 and RMB 1,320,482,000, respectively. The fair value of restricted shares of Sunshine Lake Pharma at the grant date was determined by using the asset-based valuation method.

During the six months ended 30 June 2025, total compensation expenses calculated based on the grant date fair value and the estimated forfeiture rate recognised in the consolidated statement of profit or loss for aforementioned restricted shares granted to the Group's employees were RMB 129,669,000 (six months ended 30 June 2024: RMB 132,961,000). No restricted shares were forfeited or vested during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) No dividend for the six months ended 30 June 2025 and 2024 were proposed.

(ii) No final dividends in respect of the previous financial year approved during the six months ended 30 June 2025 and 2024.

(b) Share Capital

Ordinary shares, issued and fully paid

	At 30 June 2025		At 31 December 2024	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
Ordinary shares, issued and fully paid:				
As at 30 June/31 December	**463,943,215**	**463,943**	463,943,215	463,943

(c) Injection of capital in a subsidiary

In April 2025, the Company subscribed EUR65,000 (equivalent to approximately RMB 550,000) capital issued by the subsidiary HEC Pharm GmbH, represented an additional 5.65% interests in HEC Pharm GmbH.

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 30 June 2025	**Fair value measurements as at 30 June 2025 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Recurring fair value measurement				
Financial assets measured at FVPL				
— Listed equity securities	**27,842**	**27,842**	**–**	**–**
— Investment in a private fund	**5,834**	**–**	**–**	**5,834**

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets measured at FVPL				
— Listed equity securities	17,066	17,066	–	–
— Investment in a private fund	3,839	–	–	3,839

During the six months ended 30 June 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025.

20 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report were as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Contracted for		
— Acquisition of fixed assets	**238,350**	251,134
— Acquisition of intangible assets	**493,635**	493,973
	731,985	745,107

21 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2025 and 2024, the directors of the Company are of the view that related parties of the Group include the following:

Name of related parties	Relationship with the Group
Ruyuan HEC Pharmaceutical Co., Ltd. (乳源東陽光藥業有限公司)*	effectively owned by the ultimate controlling parties
Yichang HEC Biochemical Pharmaceutical Co., Ltd. (宜昌東陽光生化製藥有限公司)*	effectively owned by the ultimate controlling parties
Yichang HEC Power Plant Co., Ltd. (宜昌東陽光火力發電有限公司)*	effectively owned by the ultimate controlling parties
Shaoguan HEC Packaging and Printing Co., Ltd. (韶關東陽光包裝印刷有限公司)*	effectively owned by the ultimate controlling parties
Dongguan HEC Industrial Development Co., Ltd. (東莞市東陽光實業發展有限公司)*	effectively owned by the ultimate controlling parties
Dongguan HEC Research Co., Ltd. (東莞東陽光藥物研發有限公司)*	effectively owned by the ultimate controlling parties
Yidu Changjiang Machinery Equipment Co., Ltd. (宜都長江機械設備有限公司)*	effectively owned by the ultimate controlling parties
Shenzhen HEC Formed Foil Co., Ltd. (深圳市東陽光化成箔股份有限公司)*	effectively owned by the ultimate controlling parties
Yichang Shancheng Shuidu Restaurant Co., Ltd. (宜昌山城水都大飯店有限公司)*	effectively owned by the ultimate controlling parties
Ruyuan HEC Pharmaceutical Glass Technology Co., Ltd. (乳源瑤族自治縣東陽光藥用玻璃科技有限公司)*	effectively owned by the ultimate controlling parties

* The English translation of the above companies' names is for reference only. The official names of these companies are in Chinese.

(a) Transactions with related parties

During the six months ended 30 June 2025 and 2024, the Group entered into the following material related party transactions:

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
(i)	Purchase of goods from:		
	Ruyuan HEC Pharmaceutical Co., Ltd.	**27,977**	15,981
	Yichang HEC Biochemical Pharmaceutical Co., Ltd.	**14,765**	24,103
	Yichang HEC Power Plant Co., Ltd.	**21,389**	23,411
	Shaoguan HEC Packaging and Printing Co., Ltd.	**18,736**	24,939
	Dongguan HEC Industrial Development Co., Ltd.	**–**	2,502
	Others	**106**	592
		82,973	91,528
(ii)	Purchase of property, plant and equipment from:		
	Yidu Changjiang Machinery Equipment Co., Ltd.	**2,003**	–
	Others	**–**	1
		2,003	1
(iii)	Receive services from:		
	Yichang HEC Biochemical Pharmaceutical Co., Ltd.	**1,593**	1,800
	Yichang Shancheng Shuidu Restaurant Co., Ltd.	**2,440**	3,775
	Ruyuan HEC Pharmaceutical Co., Ltd.	**477**	10,795
	Others	**277**	937
		4,787	17,307
(iv)	Provide services/sales of goods to:		
	Ruyuan HEC Pharmaceutical Glass Technology Co., Ltd.	**29,598**	–
	Others	**14**	33
		29,612	33
(v)	Lease payments from:		
	Dongguan HEC Research Co., Ltd.	**14,419**	15,717
	Shenzhen HEC Formed foil Co., Ltd.	**236**	5,102
	Others	**313**	50
		14,968	20,869

(b) Balances with related parties

(i) Amounts due from related parties

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Trade receivable from:		
Yichang HEC Biochemical Pharmaceutical Co., Ltd.	**320**	320
Yidu Changjiang Machinery Equipment Co., Ltd.	**100**	100
Ruyuan HEC Pharmaceutical Co., Ltd.	**57**	57
Others	**3**	7
	480	484
Prepayments to:		
Yichang Shancheng Shuidu Restaurant Co., Ltd.	**25**	–
Yichang HEC Biochemical Pharmaceutical Co., Ltd.	**2,400**	2,750
	2,425	2,750

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Other receivables from:		
Dongguan HEC Research Co., Ltd.	**1,771**	–
Others	**–**	121
	1,771	121

(ii) Amounts due to related parties

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Trade payables to:		
Yichang HEC Power Plant Co., Ltd.	**6,689**	4,595
Shaoguan HEC Packaging and Printing Co., Ltd.	**21,011**	11,571
Dongguan HEC Research Co., Ltd.	**38,311**	19,585
Yidu Changjiang Machinery Equipment Co., Ltd.	**1,804**	–
Yichang HEC Biochemical Pharmaceutical Co., Ltd.	**2,004**	1,537
Ruyuan HEC Pharmaceutical Co., Ltd.	**16,550**	47,606
Shenzhen HEC Formed Foil Co., Ltd.	**4,702**	9,954
Dongguan HEC Industrial Development Co., Ltd.	**–**	1,330
Yichang Shancheng Shuidu Restaurant Co., Ltd.	**–**	5,428
Others	**340**	242
	91,411	101,848

(c) Financial guarantees

As at 30 June 2025, guarantees were issued to the Group by Shenzhen HEC Industrial, Mr. Zhang Yushuai and Ms. Guo Meilan, the ultimate controlling shareholders of the Group in connection with bank loans and other borrowings amounted to RMB 4,247,068,000 (31 December 2024: RMB 4,001,064,000).

22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Company and HEC CJ Pharm jointly published the composite document in June 2025, pursuant to which it was proposed that the Company's H Shares be listed by way of introduction, as well as the privatisation of HEC CJ Pharm ("**the Listing**"). The Company proposes to issue 112,712,832 H Shares in exchange for 427,567,700 issued H Shares held by shareholders of HEC CJ Pharm. Upon the completion of the Listing, the carrying amount of RMB4,219 million non-controlling interests in HEC CJ Pharm, as at 30 June 2025, will be derecognised.

In August 2025, the share exchange had been completed, H Shares of HEC CJ Pharm had been delisted, and H Share of the Company was listed in the Main Board of The Stock Exchange of Hong Kong Ltd..

Subject to the fulfilment of all the certain conditions as mentioned in the composite document, the Company will pay a special dividend to the shareholders of HEC CJ Pharm (other than the Company or its subsidiaries (if any)). The special dividend payable is based on the total number of 427,567,700 HEC CJ Pharm shares held by the aforementioned shareholders and the proposed special dividend of HK$1.50 per HEC CJ Pharm share. The board of ("**Board**") directors ("**Directors**") of the Company estimated the total special dividend payable would amount to approximately RMB584.9 million that is converted from Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.9120. The conditions had been fulfilled after 30 June 2025.

No adjustment has been made to reflect the non-controlling interests and special dividend payable to the aforementioned shareholders.

VI. OPERATION RESULTS AND ANALYSIS

1. Revenue

For the six months ended 30 June 2025 (the "**Reporting Period**"), the Group's revenue was RMB 1,937.67 million and the total loss and comprehensive income attributable to equity holders of the Company was RMB 54.27 million. The Group adopts a diversified market strategy to continuously enhance the competitiveness and commercial value of its core products through sustained academic promotion activities and optimized channel development. By increasing investments in advertising, marketing campaigns, and patient education programs, we continued to elevate brand awareness of our key products. By strengthening strategic collaborations with globally renowned enterprises, we accelerated the development and commercialization of innovative drugs and biologics in international markets. The Group's core product, Kewei, as the drug of choice for influenza, was affected to a certain extent due to the substantial decline in the influenza epidemic as compared to the corresponding period last year, but still maintained its leading position in the market, with a revenue of RMB 1,301.18 million.

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 six months ended 30 June 2025, the cost of sales of the Group amounted to RMB 470.06 million, representing a decrease of RMB 70.07 million as compared to RMB 540.13 million for the corresponding period of last year, which was mainly because sales volume of Oseltamivir products decreased year-on-year during the Reporting Period.

3. Gross Profit

For the six months ended 30 June 2025, gross profit of the Group was RMB 1,467.61 million, representing a decrease of 28.12% as compared to RMB 2,041.81 million for the six months ended 30 June 2024, which was mainly due to the decrease in the sales volume of Oseltamivir products during the Reporting Period.

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 six months ended 30 June 2025, other net income of the Group amounted to RMB 34.83 million, representing a decrease of RMB 43.61 million as compared to other net income of RMB 78.44 million for the corresponding period of last year, which was mainly due to (1) the decrease in interest income and (2) the decrease in government subsidies.

5. Expenses Analysis

For the six months ended 30 June 2025, the Group's expenses amounted to RMB 1,406.84 million in total, representing a decrease of RMB 105.67 million as compared to RMB 1,512.51 million for the six months ended 30 June 2024. The main components of the Group's expenses are as follows:

	For the six months ended 30 June		**Change as compared with the corresponding period of 2024**
	2025	2024	
	RMB'000	*RMB'000*	*(%)*
Distribution costs	**715,622**	683,736	4.66%
Administrative expenses	**309,060**	277,955	11.19%
R&D cost	**348,216**	402,382	-13.46%
Reversal of impairment losses on trade and other receivables	**(80,350)**	18,631	-531.27%
Finance costs	**114,291**	129,808	-11.95%
Total	**1,406,839**	1,512,512	-6.99%

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.

For the six months ended 30 June 2025, the Group's investment in the cost of R&D amounted to RMB 348.22 million in total and a decrease of 13.46% as compared to the corresponding period of last year.

Finance costs mainly include interests on bank loans.

6. Profit Before Taxation

For the six months ended 30 June 2025, the Group's profit before taxation amounted to RMB 95.65 million in total, representing a decrease of RMB 512.07 million as compared to the profit before taxation of RMB 607.72 million for the six months ended 30 June 2024, which was mainly because sales of the Group's core product Kewei recorded a year-on-year decrease during the Reporting Period.

7. Income Tax

For the six months ended 30 June 2025, the income tax expenses of the Group amounted to RMB 81.00 million, representing a decrease of RMB 53.29 million as compared to the income tax expenses of RMB 134.29 million for the six months ended 30 June 2024, which was mainly due to the decrease in profit before taxation of the Company.

8. Profit for the Period

For the six months ended 30 June 2025, the Group recorded a net profit of RMB 14.65 million, representing a decrease of RMB 458.78 million as compared to the net profit of RMB 473.43 million for the six months ended 30 June 2024, which was mainly because sales of the Group's core product Kewei recorded a year-on-year decrease during the Reporting Period.

9. Loss/profit and Total Comprehensive Income Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2025, loss and total comprehensive income attributable to equity shareholders of the Company was RMB 54.27 million, representing a decrease of RMB 192.90 million as compared to profit and total comprehensive income attributable to equity shareholders of the Company of RMB 138.63 million for the six months ended 30 June 2024, which was mainly because sales of the Group's Oseltamivir products recorded a year-on-year decrease during the Reporting Period.

VII. FINANCIAL POSITION

1. Overview

For the six months ended 30 June 2025, the Group's total assets amounted to RMB 12,063.45 million, with total liabilities of RMB 7,459.86 million and shareholders' equity of RMB 4,603.59 million.

For the six months ended 30 June 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 30 June 2025	As at 31 December 2024
	RMB'000	*RMB'000*
Current assets		
Inventories	**759,912**	737,821
Trade and other receivables	**1,804,336**	1,894,293
Prepayments	**701,894**	426,380
Financial assets measured at FVPL	**33,676**	3,839
Restricted cash	**253,594**	435,617
Cash and cash equivalents	**1,036,905**	1,480,810
Total current assets	**4,590,317**	4,978,760
Current liabilities		
Trade and other payables	**2,252,402**	2,421,629
Contract liabilities	**135,433**	155,019
Bank loans and other borrowings	**2,514,928**	2,196,225
Lease liabilities	**46,257**	41,147
Current taxation	**245**	231
Total current liabilities	**4,949,265**	4,814,251
Net current (liabilities)/assets	**(358,948)**	164,509

As at 30 June 2025, the Group recorded the total current assets of RMB 4,590.32 million, as compared to the total current assets of RMB 4,978.76 million as at 31 December 2024. During the Reporting Period, the net current assets of the Group decreased by RMB 523.46 million due to the combined effect of the decrease in current assets by RMB 388.44 million mainly resulting from the decrease in sales volume of the Company's Oseltamivir products during the Reporting Period, and the increase in total current liabilities by RMB 135.01 million.

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 101.65% as at 30 June 2025 and quick ratio decreased from 0.88 times as at 31 December 2024 to 0.77 times as at 30 June 2025.

4. Bank Loans and Other Borrowings

As at 30 June 2025, the Group's balance of its bank loans and other borrowings amounted to RMB 4,679.59 million, which included bank loans of RMB 4,069.54 million and obligations arising from sale and leaseback transactions of RMB 610.04 million, representing a decrease of RMB 196.30 million as compared to RMB 4,483.29 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 six months ended 30 June 2025.

5. Capital Structure

As at 30 June 2025, the Group's total equity attributable to equity shareholders of the Company amounted to RMB 391.18 million, representing an increase of RMB 47.03 million as compared to RMB 344.15 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 six months ended 30 June 2025 with an aggregate capital expenditure of RMB 773.58 million, representing an increase of RMB 160.82 million as compared to RMB 612.76 million for the corresponding period of 2024.

7. Contingent Liabilities

For the six months ended 30 June 2025, The Group had no significant contingent liabilities, litigation or arbitration of material importance.

8. Pledge of Assets

For the six months ended 30 June 2025, the Group's land use rights amounting to RMB 316.78 million, construction in progress amounting to RMB 490.07 million, fixed assets amounting to RMB 1,052.07 million, bills receivable amounting to RMB 18.84 million, restricted cash amounting to RMB 145.00 million and equity interest of a subsidiary amounting to RMB 2,231.80 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 six months ended 30 June 2025, the Group has a total of 6,533 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately RMB 543.30 million for the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 biosimilars, 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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company for the six months ended 30 June 2025.

As at 30 June 2025, the Company did not hold any treasury shares.

INTERIM DIVIDEND

The board ("**Board**") of directors ("**Directors**") of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, from 30 June 2025 and up to the date of this announcement, there were no significant events of the Group.

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.

REVIEW OF RESULTS

The audit committee of the Company has reviewed the Company's 2025 interim results announcement, 2025 interim report and the Group's unaudited financial statements for the six months ended 30 June 2025 prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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 interim 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
29 August 2025

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*