



CHINA BIOTECH SERVICES HOLDINGS LIMITED
中國生物科技服務控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 8037

2025
ANNUAL REPORT

Cancer Diagnosis
癌症診斷



CGT
細胞藥物



BNCT
硼中子俘獲療法



BNCT CENTER

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BNCT CENTER

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liu Xiaolin (*Chairman*)
Mr. He Xun
Dr. Huang Song
Dr. Yin Ye (*appointed on 25 July 2025*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yan Guoxiang
Dr. Guo Yuantao
Mr. Qian Hongji (*resigned on 25 July 2025*)
Dr. Zhang Xiao (*appointed on 25 July 2025*)

AUDIT COMMITTEE

Mr. Yan Guoxiang (*Chairman*)
Dr. Guo Yuantao
Mr. Qian Hongji (*resigned on 25 July 2025*)
Dr. Zhang Xiao (*appointed on 25 July 2025*)

NOMINATION COMMITTEE

Mr. Liu Xiaolin (*Chairman*)
Mr. Yan Guoxiang
Dr. Guo Yuantao

REMUNERATION COMMITTEE

Mr. Yan Guoxiang (*Chairman*)
Mr. Liu Xiaolin
Dr. Guo Yuantao

COMPLIANCE OFFICER

Mr. Liu Xiaolin

COMPANY SECRETARY

Ms. Wong Miu Shun
(*resigned on 15 May 2025*)
Mr. Lam Tak Ming (*appointed on 15 May 2025 and resigned on 25 July 2025*)
Ms. Fung Pui Yin (*appointed on 25 July 2025*)

AUTHORISED REPRESENTATIVES

Mr. Liu Xiaolin
Ms. Wong Miu Shun (*resigned on 15 May 2025*)
Mr. Lam Tak Ming (*appointed on 15 May 2025 and resigned on 25 July 2025*)
Ms. Fung Pui Yin (*appointed on 25 July 2025*)

INDEPENDENT AUDITOR

RSM Hong Kong
Certified Public Accountant
Public Interest Entity Auditor
29th Floor, Lee Garden Two, 28 Yun Ping Road,
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REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
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Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Merchants Bank Co., Ltd.
CMB Wing Lung Bank Limited
Hainan Rural Commercial Bank Co., Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China
Nanyang Commercial Bank Limited
Ping An Bank Co., Ltd.
China Everbright Bank
Bank of Communications Limited

COMPANY WEBSITE

www.cbshhk.com

STOCK CODE

8037



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Biotech Services Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I am pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025 to the shareholders of the Company, and to share with you the major progress and strategic achievements we made in the last year. Last year, the Group seized opportunities amidst challenges and steadily moved forward through innovation. Both of the Group’s two core business segments, boron neutron capture therapy (BNCT) and CAR-T cell therapy, achieved milestone breakthroughs. The Group’s strategic layout has fully transitioned from a blueprint into reality, with broad prospects for future development that are much anticipated.

WE SEIZE THE OPPORTUNITIES OF THE TIME, THE LAYOUT OF THE ENTIRE BNCT INDUSTRY CHAIN ENTERS A HARVEST PHASE, AND THE FUTURE OF THE HAINAN HOSPITAL IS PROMISING

2025 was a crucial year for the in-depth advancement of the national “Healthy China” strategy, and the demand for precision oncology treatment is becoming increasingly urgent. BNCT technology, in which the Group has made forward-looking strategic deployments, is embracing unprecedented development opportunities. The Group’s BNCT business has fully transitioned from technology introduction and platform construction to a new stage of commercial operation and large-scale expansion. As a key milestone in this process, China’s first clinical application institution focusing on BNCT, Pengbo (Hainan) BNCT Hospital, has been successfully completed and commenced trial operations in the Boao Lecheng International Medical Tourism Pilot Zone in early 2026. From the park entry assessment in 2021 and the commencement of construction in 2022, to the successful beam emission of core device and the approval and arrival of supporting boron drugs, every step has embodied the team’s efforts in overcoming difficulties and forging ahead. This is not only a determined move by the Group to respond to national strategies and combat cancer, but also a successful example of the favourable “pioneer and trial” policy in the Lecheng Pilot Zone, demonstrating a clear path and the enormous potential for BNCT technology to take root in China and serve patients.

SYNERGY AMONG CAPITAL, INDUSTRY, AND POLICY BUILDS A SOLID FOUNDATION FOR DEVELOPMENT

The successful construction and commencement of trial operations of the hospital would not have been possible without a diversified support system. During 2025, the Group successfully introduced strategic investors including Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)) (“**BGI Songhe**”) and the renowned investor Mr. Kung Hung Ka, gaining strong capital support through the issuance of convertible loans and bonds. At the same time, the Pengbo (Hainan) BNCT Hospital project has obtained loan support from local financial institutions in Hainan, ensuring the funding requirements for the construction of the project. In addition, the Group continued to optimize its corporate governance. During 2025, industry leaders including Dr. Yin Ye, chief executive officer and executive director of the BGI Group, and Dr. Zhang Xiao, former global senior vice president and president of Greater China of Varian Medical Systems, were appointed to join the Board successively, injecting top-tier wisdom into management and decision-making.



CHAIRMAN'S STATEMENT

FULL IMPLEMENTATION OF PROJECTS AND ACCELERATION OF COMMERCIALIZATION AND NETWORK EXPANSION

In terms of business advancement, we have achieved a series of substantive results:

- **Pengbo (Hainan) BNCT Hospital:** As the flagship project of the Group, it commenced trial operation on 7 February 2026. Before that, the boron drugs had successfully been approved and arrived, and the accelerator had successfully achieved beam emission. The hardware system has reached an internationally advanced level, and collaborations have been established with a number of top-notch hospitals in China, making comprehensive preparations for formally providing patients with services.
- **National Network Expansion:** The Company has entered into strategic cooperation with Tianjin Tuanbo Health City Development Group Co., Ltd (天津團泊健康城發展集團有限公司), and will jointly undertake a project to construct a boron neutron capture therapy (BNCT) center in Tianjin in the future, forming a synergistic layout between the north and the south. Meanwhile, the Group has entered into cooperation with numerous hospitals and institutions such as Huashan Hospital of Fudan University (復旦大學附屬華山醫院), Ruijin-Hainan Hospital, Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬瑞金醫院海南醫院), West China Lecheng Hospital, Sichuan University (四川大學華西樂城醫院), Shulan (Bo Ao) Hospital (樹蘭(博鰲)醫院), Primesanus (首頤醫療) · Changchun Tumor Hospital (長春腫瘤醫院), Foshan Fosun Chancheng Hospital (佛山復星禪誠醫院), Jinshazhou Hospital of Guangzhou University of Chinese Medicine (廣州中醫藥大學金沙洲醫院), Boao Super Hospital (博鰲超級醫院) and Shanghai Anda Hospital (上海安達醫院), establishing a preliminary patient service network that will cover the entire country.
- **Industrial Ecosystem Construction:** During the year, the Company entered into a memorandum of understanding with Stella Pharma Corporation (a company engaged in the development, manufacture, and sale of STEBORONINE®, a drug used for BNCT), aiming to cooperate to jointly pursue approval for STEBORONINE® by the National Medical Products Administration, facilitate its import from Japan under the Hainan preferential policy, and support its launch in China to achieve its commercialization. In addition, the Group has also collaborated with a number of insurance institutions to jointly develop a comprehensive medical insurance product covering BNCT cancer treatment costs and related services, striving to lower the payment threshold for patients and build a sustainable industrial ecosystem.

CAR-T CELL THERAPY: INNOVATIVE R&D SHINES ON THE INTERNATIONAL STAGE

Another core segment of the Group is CAR-T cell therapy. LY007 Cellular Injection, an independently developed CD20-targeted CAR-T product of Shanghai Longyao Biotech Company Limited (“**Shanghai Longyao**”), a non-wholly-owned subsidiary of the Company, has continued to make breakthroughs in the field of cell therapy. The 13 trial cases required for the domestic Phase I clinical trial were completed during the year, and its latest clinical data were also released at top international conferences such as the 30th European Hematology Association Congress and the 18th International Conference on Malignant Lymphoma, with research results published in top international journals. On 25 June 2025, the latest research results of Professor Yang Xuanming, chief scientist of Shanghai Longyao, titled “OX40-heparan sulfate binding facilitates CAR T cell penetration into solid tumors in mice”, were published in “Science translational medicine”, further demonstrating the advantages of CART-OX40. The proprietary OX40 enhanced CAR-T technology has built a solid patent barrier, with strong future growth momentum.



CHAIRMAN'S STATEMENT

FUTURE OUTLOOK: DRIVING FROM A NEW STARTING POINT TOWARDS A BROAD FUTURE

Shareholders, 2025 was a year in which the Group's seeds sown began to bloom. The Group has not only successfully established a commercial closed loop for the entire BNCT industry chain and demonstrated the international competitiveness of the CAR-T product LY007 Cellular Injection developed by Shanghai Longyao, but has also reached the milestone of the trial operation of Pengbo (Hainan) BNCT Hospital. Looking ahead, we will:

1. make every effort to advance the smooth trial operation of Pengbo (Hainan) BNCT Hospital and commence patient treatment as soon as possible, so as to bring the benefits of cutting-edge technology to the public.
2. accelerate the layout of the BNCT cancer treatment center network and expand the national treatment network.
3. deepen collaboration with strategic partners and explore cooperation in a broader range of fields.
4. promote the clinical and commercialization preparation of Shanghai Longyao's CAR-T products.

We are standing at the starting point of a new era. The trial operation of Pengbo (Hainan) BNCT Hospital is just a brand new beginning on our journey to safeguard life and health. We firmly believe that, with the support of all parties, the "innovative carriage" of BNCT will take the Group into the fast lane of high-quality development, contribute Chinese wisdom to the raising of human health levels, and create more generous and sustainable returns for shareholders.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to all shareholders for their long-term trust, to all staff and members of the board of directors for their hard work, and to all working partners and various sectors of society for their strong support!

Liu Xiaolin

Chairman and Executive Director

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 December 2025, the Group is principally engaged in the provision of medical laboratory testing services and health check services in Hong Kong, provision of tumor immune cell therapy and health management services in the People's Republic of China (the "PRC"), provision of boron neutron capture therapy ("BNCT") services in the PRC, sales and distribution of health related and pharmaceutical products in the PRC and Hong Kong and provision of insurance brokerage services in Hong Kong.

Revenue

The Group's revenue for the year ended 31 December 2025 increased by 4.2% to approximately HK\$73,503,000, compared to approximately HK\$70,509,000 for the year ended 31 December 2024. The growth was driven primarily by robust growth in revenue in the insurance brokerage services segment, which was partially net off by a decline in revenue in the medical laboratory testing and health check services segment.

Provision of medical laboratory testing services and health check services

The Group continues to offer a wide spectrum of medical laboratory testing services and quality health check diagnostic services in Hong Kong. The services of this segment were being delivered through two medical laboratories and three health check centres established in Hong Kong.

Revenue from the provision of medical laboratory testing and health check services decreased by 8.6% to approximately HK\$35,782,000 in the year ended 31 December 2025 from approximately HK\$39,158,000 in the year ended 31 December 2024, which was mainly attributable to lower demand as public health conditions stabilised, leading to reduced demand for routine testing and preventive health checks by individuals and corporations.

Provision of tumor immune cell therapy and health management services

Shanghai Longyao focused on tumor immune cell therapy in the PRC, and received approval in January 2021 from China's National Medical Products Administration ("NMPA") to commence a Phase I clinical trial for LY007 Cellular Injection. This therapy is the PRC's first CD20-targeted autologous chimeric antigen receptor T-cell ("CAR-T") treatment approved for clinical trials. LY007 Cellular Injection, a Class 1 investigational new drug, incorporates Shanghai Longyao's patented OX40 costimulatory molecule to enhance T-cell activation for treating relapsed or refractory CD20-positive B-cell non-Hodgkin lymphoma ("B-NHL"). As at the date hereof, the Phase I clinical trial, with a total of 13 individuals with B-NHL undergoing reinfusion of LY007 Cellular Injection across low, medium and high dose group, has been completed successfully. The preparation work for Phase II clinical trial has been initiated and the Phase II clinical trial is expected to commence in late 2026. No revenue from this segment was generated during the year ended 31 December 2025.

Sale and distribution of health related and pharmaceutical products

The sales and distribution of health-related and pharmaceutical products segment generated approximately HK\$686,000 in revenue in the year ended 31 December 2024, which primarily represented the clearance of remaining inventory. For the year ended 31 December 2025, no revenue was generated from this segment as the Group made a strategic decision to reallocate limited resources toward other higher-margin and higher-growth segment (i.e. BNCT).

BNCT cancer treatment centre

Pengbo (Hainan) Medical Technology Co., Ltd. ("Pengbo (Hainan)"), an indirectly wholly-owned subsidiary of the Company entered into a site admission and investment agreement with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration (the "Administration") in February 2022. Pursuant to the agreement, Pengbo (Hainan) has committed to build and operate a cancer treatment center (the "BNCT Center") by adoption of the accelerator-based BNCT system – NeuCure®, covering the cyclotron accelerator, dose calculation program and related medical device for BNCT treatment.



MANAGEMENT DISCUSSION AND ANALYSIS

The structural construction of the facility was completed in December 2023. The arrival of the BNCT system and its peripheral parts in Hainan was completed in February 2024. Installation of the BNCT system started in May 2024. In October 2024, Hainan was severely affected by Typhoon “Trami”, which caused flooding in Hainan, the PRC. Therefore, the construction works of the BNCT Center were significantly impacted in the year ended 31 December 2024. In the year ended 31 December 2025, the construction and renovation of the BNCT center progressed to the final stage, completing the necessary preparation work ahead of its trial operations in the first quarter of 2026. No revenue from this segment was generated during the year ended 31 December 2025.

Provision of insurance brokerage services

The revenue of provision of insurance brokerage services segment increased from approximately HK\$30,600,000 for the year ended 31 December 2024 to approximately HK\$37,570,000 for the year ended 31 December 2025. It represented an increase of 22.8% as compared with the year ended 31 December 2024. The increase was primarily driven by an expanded sales network and distribution channels, alongside a growing base of high-end customers.

Provision of logistics services

The Group has been providing testing materials and specimens logistics services for local clinics and other corporate clients. The revenue of logistics services had increased markedly from approximately HK\$65,000 for the year ended 31 December 2024 to approximately HK\$151,000 for the year ended 31 December 2025. It represented an increase by 1.3 times as compared with the year ended 31 December 2024 due to the increase in demand on testing materials and specimen logistics services.

Gross profit/(loss) and gross profit/(loss) margin

The Group achieved a gross profit of approximately HK\$7,726,000 for the year ended 31 December 2025, representing an improvement from the gross loss of approximately HK\$4,940,000 recorded for the year ended 31 December 2024. This positive shift resulted in a gross profit margin of approximately 10.5% for the year ended 31 December 2025, compared to a gross loss margin of approximately 7.0% for the year ended 31 December 2024. The enhanced performance was primarily driven by a significant reduction in inventory write-offs, which decreased from approximately HK\$5,089,000 in the year ended 31 December 2024 to approximately HK\$115,000 in the year ended 31 December 2025.

Selling and distribution expenses

Selling and distribution expenses for the year ended 31 December 2025 were approximately HK\$8,314,000, representing approximately 29.4% decrease as compared to approximately HK\$11,774,000 for the year ended 31 December 2024. The decrease was primarily due to reduced staff costs during the year ended 31 December 2025.

Administrative expenses

Administrative expenses mainly consisted of staff costs, legal and professional fees, depreciation of right-of-use assets and amortisation of intangible assets. For the year ended 31 December 2025, administrative expenses were approximately HK\$58,129,000, representing approximately 40.8% decrease as compared to approximately HK\$98,141,000 for the year ended 31 December 2024, which was mainly attributable to reduced staff cost of approximately HK\$6,342,000 and one-off legal claim of approximately HK\$22,000,000 incurred in the year ended 31 December 2024.

Research and development cost

Research and development costs for the year ended 31 December 2025 were approximately HK\$17,201,000, representing approximately 48.4% decrease from approximately HK\$33,309,000 for the year ended 31 December 2024. The decrease was primarily due to lower expenses in the later stage of Phase I clinical trial for tumor immune cell therapy of Shanghai Longyao.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment loss on right-of-use assets

The Group acquired DVF Holdco (Cayman) Limited (“DVF”) and its subsidiaries (the “DVF Group”) in 2015. DVF Group is engaging in provision of laboratory testing services and health check services.

Due to the intensified market competition and weakened consumption sentiments in the medical laboratory testing services and health check services in Hong Kong, revenue of laboratory testing and health check services has experienced lower sales than expected by the management of the Group. The performance of the DVF Group does not meet with the forecast set forth in the business plan and a net loss was recorded. As a result, the business of the DVF Group was considered an indication of impairment of non-current assets, attributable to the acquisition of the DVF Group.

During the year ended 31 December 2024, the Directors assessed the recoverable amount arising from the DVF Group with reference to the valuations performed by an independent qualified professional valuer on goodwill, intangible assets, right-of-use assets and property, plant and equipment, the Group recorded an impairment loss on intangible assets and right-of-use assets arising from the DVF Group of approximately HK\$13,374,000 and HK\$2,584,000 respectively and were fully impaired.

During the year ended 31 December 2025, the Group further recorded impairment loss on right-of-use assets of HK\$6,731,000 arising from the new lease contracts signed during the year for the operation of DVF Group.

Finance costs

For the year ended 31 December 2025, the gross finance costs increased to approximately HK\$27,567,000 from approximately HK\$16,922,000 for the year ended 31 December 2024. The increase was mainly attributable to the finance costs arising from additional bank borrowings and other borrowings for the Group’s working capital and construction work for BNCT Center. For the year ended 31 December 2025, finance costs of HK\$8,094,000 had been capitalised on qualifying assets arising from interest expenses of loans specifically used for the construction of the BNCT center. No finance costs were capitalised for the year ended 31 December 2024.

Loss for the year

The Group recorded a net loss of approximately HK\$80,841,000 for the year ended 31 December 2025, representing a 67.9% decrease compared to approximately HK\$251,854,000 for the year ended 31 December 2024. The significant improvement in operating performance is mainly attributable to (i) the receipt of an insurance claim as compensation income of approximately HK\$13,824,000 in the year ended 31 December 2025 in relation to the damages to construction site in Hainan by a rainstorm happened in the year ended 31 December 2024; (ii) a decrease in research and development costs from the immunotherapy segment; (iii) reduced operating expenses resulting from successful implementation of costs control measures and (iv) the absence of one off impairment loss on property, plant and equipment and intangible assets in the year ended 31 December 2025, which were recorded in the year ended 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Issue of convertible bonds under specific mandate

On 29 December 2025, the Company entered into a subscription agreement with Wealth Strategy Holding Limited (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, convertible bonds in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$272,440,000). The issuance of the convertible bonds was completed on 20 February 2026 and the Company has received US\$35,000,000 as the proceeds from the issuance of convertible bonds. Details were disclosed in the announcements and circular of the Company dated 29 December 2025, 22 January 2026 and 20 February 2026.

The BNCT System successfully performed its first beam emission

The Group’s flagship project at Hainan, the PRC, BNCT Center achieved significant progress on 20 November 2025. The BNCT System – NeuCure® neutron irradiation system, successfully performed its first beam emission and has officially entered the final clinical commissioning phase, marking an important milestone in the progression of the project and laying a solid foundation for the future operation of the BNCT Center.

The successful beam emission verifies that the various parameters of the core components of the system have met design specifications, marking the formal transition of the project from equipment installation to beam commissioning. This key milestone lays a solid foundation for subsequent core tasks such as precise neutron flux rate control, beam physics verification, and biological effect assessment. It also ensures that the equipment can proceed with clinical treatment to a high standard as planned, providing cancer patients with safe and precise BNCT services.

Granting of loans by banks to subsidiaries to the company

During the year ended 31 December 2025, Hainan Rural Commercial Bank Co., Ltd. Qionghai Sub-Branch agreed to provide Pengbo (Hainan) with a loan in the principal amount of up to RMB180,000,000 and Industrial and Commercial Bank of China Limited, Shanghai JingAn Sub-branch agreed to provide Shanghai Longyao with a loan in the principal amount of up to RMB5,000,000. These loans were both unconditionally and irrevocably guaranteed by the Company and Mr. Liu Xiaolin (executive director and chairman of the Company) for the due and punctual performance of the obligations under the loan agreements, including payment of all sums due and payable by Pengbo (Hainan) and Shanghai Longyao thereunder.

Strategic Investment by BGI Songhe

On 11 July 2025, the Company together with Dynamic Healthcare Holdings Limited (“**Dynamic Healthcare**”) and Pengbo (Hainan) (both of them are indirect wholly-owned subsidiaries of the Company), among others, entered into convertible loan agreement, warrant agreement and investment agreement for investment by BGI Songhe. Under the investment, BGI Songhe shall advance a loan of RMB30,000,000 in to Pengbo (Hainan) and Pengbo (Hainan) shall repay the loan of RMB30,000,000 to BGI Songhe upon completion of necessary filing with the relevant PRC government authorities in respect of overseas direct investment by PRC entities. BGI Songhe shall then subscribe for shares in Dynamic Healthcare. BGI Songhe will hold a maximum of 6.25% of the issued share capital of Dynamic Healthcare as enlarged by the issue of the warrant shares and the shares to be issued to Jiabao Zhongzhi (Hainan) Hospital Management Partnership (Limited Partnership) (嘉博眾治(海南)醫院管理合夥企業(有限合夥)) (“**Jiabao Zhongzhi**”). For details, please refer to the announcements of the Company dated 11 July 2025 and 8 September 2025. As at the date of this report, Pengbo Hainan has obtained the loan of RMB30,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales and production of BNCT drug, STEBORONINE®:

In May 2025, the Company, Pengbo (Hainan), and STELLA PHARMA CORPORATION signed a memorandum of understanding to further expand their collaboration in China on the BNCT drug STEBORONINE® and to strengthen the Company's presence in the BNCT industry. This collaboration builds upon the construction of the BNCT Cancer Treatment Centre in the Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port, PRC, introducing boron drugs for BNCT implementation and commercialisation. The parties will jointly pursue NMPA approval for STEBORONINE®, facilitate its import from Japan under the Hainan Preferential Policy, and support its launch in China, specifically for application at the BNCT Cancer Treatment Centre. STELLA PHARMA CORPORATION will transfer manufacturing technology for STEBORONINE® 9000 mg/300 mL for infusion (the "**Licensed Product**") formulations and grant its exclusive rights of license to manufacture and sell the Licensed Product in the PRC to the Company. Furthermore, plans are underway to localise production through additional licensing cooperation, enabling large-scale manufacture and sales of the Licensed Product. This initiative will accelerate the Group's upstream development in the BNCT industry, enhance its future competitiveness, and promote wider adoption of BNCT cancer treatment across multiple cities in the PRC.

Cooperation with insurance company on BNCT Medical Insurance Product

The Company, AXA China Region Insurance Company (Bermuda) Limited, and reinsurance companies have entered into a memorandum of understanding in relation to the collaboration on the development of a comprehensive medical insurance product covering BNCT cancer treatment costs and related services. This cooperation aims to enhance public awareness and develop an inclusive medical insurance product covering BNCT cancer treatment costs and related services, and improve its accessibility through inclusive insurance coverage by reducing the financial burden of BNCT therapy for patients.

Inter-Hospital Patient Referral

The Group has entered into cooperation partnership with several hospitals in the PRC, including Huashan Hospital affiliated to Fudan University, Shanghai, Jinshazhou Hospital of Guangzhou University of Chinese Medicine and Peking University Shenzhen Hospital, for cancer patients referral to the BNCT Center. These collaborations aim to enhance public awareness and improve accessibility of BNCT therapy.

Shanghai Longyao's clinical trial results for tumor immune cell therapy services – presented in international conference

The progress results of the Phase I clinical study evaluating LY007 Cellular Injection, has demonstrated promising progress. The Phase I clinical study findings were presented at prestigious US oncology and hematology forums, including the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting and the 66th Annual Congress of the American Society of Hematology (ASH). Building on this momentum, the Company was invited in 2025 to share its latest clinical trial results at the 18th International Conference on Malignant Lymphoma held in Lugano, Switzerland, and the 30th European Hematology Association Congress in Milan, Italy. This progress marks Shanghai Longyao's innovative advancement onto the global stage and reflects its growing international recognition.

OUTLOOK

2025 was a pivotal year for the Group. The Group's two core business segments – BNCT and CAR-T – have both achieved milestone breakthroughs, further solidifying its position as a leading innovator in China's Big Health industry. These mark the successful transition of the Group's strategic blueprint from planning to full implementation, laying a solid foundation for substantial future growth.



MANAGEMENT DISCUSSION AND ANALYSIS

In the BNCT segment, the Group advanced preparations in 2025 for the soft opening of the BNCT Center located at the Hainan Boao Lecheng International Medical Tourism Pilot Zone, which officially commenced trial operations in February 2026. This flagship facility will serve as a demonstration centre for the technology and act as the cornerstone for building a nationwide network of BNCT cancer treatment centers across the PRC. Building on its existing hospital ownership, the Group will operate and manage its directly-owned hospitals while actively developing a franchise hospital model. Leveraging its role as the exclusive agent of the BNCT equipment and consumables in the Greater China region, the Group will deliver comprehensive one-stop solutions encompassing equipment sales, maintenance services, centre design, turnkey construction, as well as equipment installation and commissioning. In parallel, the Group aims to collaborate with Stella Pharma Corporation to secure NMPA approval for the production and commercialisation of domestically manufactured boron drugs, STEBORONINE®, in the PRC.

In the CAR-T segment, the launch of China's first clinically approved CD20-targeted CAR-T therapy, LY007 Cellular Injection, together with the successful completion of its Phase I clinical trial, marked a major step forward in the transition from research to commercialisation. Phase II trial preparations are progressing on schedule, supported by positive clinical data presented at multiple international oncology and haematology conferences that validated the therapy's promising efficacy and favourable safety profile.

These dual achievements underscore the Group's technological leadership in advanced cancer therapies and its meaningful contribution to the development of China's Big Health industry, in full alignment with national policies promoting innovative oncology solutions and wider access to high-quality medical care.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations and capital expenditures requirements through internally generated resources, issuance of convertible bonds and borrowings.

Liquidity and Financial Resources

As at 31 December 2025, the Group held cash and bank balances of approximately HK\$12,083,000 (2024: HK\$18,913,000), all of which were principally denominated in Renminbi and Hong Kong dollars. The decrease in cash and bank balances of approximately HK\$6,830,000 is mainly due to uses for operational businesses of the Group and the construction of BNCT Center in Hainan, the PRC.

As at 31 December 2025, the Group had outstanding convertible bonds in principal amount of US\$6,000,000 (equivalent to approximately HK\$47,100,000) with carrying amount of approximately HK\$44,268,000 (2024: US\$6,000,000 with carrying amount of approximately HK\$41,635,000) which carried a fixed interest rate of 8.25% (2024: 8.25%) per annum and is repayable on 27 December 2026 (2024: 27 December 2026) and guaranteed by a subsidiary of the Company, a controlling shareholder of the Company and Mr. Liu (2024: a subsidiary of the Company).

As at 31 December 2025, the Group had (i) secured bank borrowings of approximately HK\$141,087,000 (2024: HK\$13,259,000), which carried a fixed interest rate of 4.6% (2024: floating interest rate (i.e. loan prime rate for 5-year)) per annum and are repayable within 10 years (2024: 8 years); and (ii) unsecured bank borrowings of approximately HK\$15,045,000 (2024: HK\$12,722,000) and is repayable within one year (2024: one year).

As at 31 December 2025, the Group had unsecured loans from a controlling shareholder of approximately HK\$43,519,000 (2024: HK\$24,772,000) which carried a fixed interest ranged from 10% to 12% (2024: at 10%) per annum and is repayable within one year (2024: one year).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the Group had secured other borrowings of approximately HK\$4,876,000 (2024: HK\$5,301,000), which carried a fixed interest rate at 6.7% (2024: 6%) per annum and is repayable within one year (2024: one year).

As at 31 December 2025, the Group had unsecured other borrowings of approximately HK\$83,525,000 (2024: HK\$74,746,000), which carried interest ranging from 0% to 12% (2024: 8.25% to 12%) per annum and are repayable within one year (2024: one year).

As at 31 December 2025, the Group had secured loan from a financial institution of approximately HK\$6,000,000, which carried a fixed interest rate at 18% per annum and is repayable within one year.

As at 31 December 2025, the Group had unsecured and interest free convertible loans of approximately HK\$43,960,000 (2024: HK\$7,893,000) and are repayable within one year (2024: one year).

The increase in borrowings was mainly due to the use of general working capital and for the development of the BNCT Center.

As at 31 December 2025, total assets of the Group were approximately HK\$702,575,000 (2024: HK\$529,955,000), whereas total liabilities were approximately HK\$546,830,000 (2024: HK\$287,567,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 77.83% (2024: 54.26%). Current ratio (defined as total current assets divided by total current liabilities) was 0.23 times (2024: 0.33 times).

Fortstone International (Hong Kong) Limited (“**Fortstone**”), an indirect non-wholly-owned subsidiary of the Company, is a holder of insurance broker licence under the Insurance Ordinance. As an insurance brokerage company, Fortstone is subject to capital and net assets requirement under the Insurance Ordinance. Fortstone shall maintain a minimum net assets value and a minimum paid up share capital of HK\$500,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone’s liquid asset and ranking liabilities at all times to ensure the capital and net assets are well above the minimum required level (i.e. HK\$500,000). Fortstone has complied with the capital and net assets requirement during the year ended 31 December 2025.

Capital Structure

As at 31 December 2025 and 2024, the total issued share capital of the Company was HK\$97,573,115 divided into 975,731,150 ordinary shares of HK\$0.10 each.

SIGNIFICANT INVESTMENT HELD AND PERFORMANCE

As at 31 December 2025, the Group’s financial assets at fair value through other comprehensive income amounted to approximately HK\$30,660,000 (2024: HK\$43,229,000) including an investment in unlisted equity securities (2024: an investment in unlisted equity securities). It represented an investment of approximately HK\$30,660,000 in Pillar Biosciences, Inc. (“**Pillar US**”) and Zhengu Dianostics Holdings Limited (“**Pillar China**”) (together with Pillar US, “**Pillar**”) (which represented 4.36% (2024: 8.16%) of the total asset of the Group as at 31 December 2025). It is the Group’s investment strategy to hold the investments in Pillar as long-term investments for the creation of synergy and long term shareholder value.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in Pillar

Pillar is a precision testing company for cancer based in Boston, Massachusetts, the United States of America and Shanghai, the PRC. As at 31 December 2025, the Group held approximately 2.80% (2024: 3.01%) and 3.01% (2024: 3.01%) of equity interests in Pillar US and Pillar China respectively with total fair value of HK\$30,660,000 (2024: HK\$43,229,000). Based on the latest unaudited consolidated financial statements of Pillar US and Pillar China for the year ended 31 December 2025, they recorded loss of approximately US\$9,934,000 (2024: US\$17,720,000) and US\$1,838,000 (2024: US\$3,536,000) respectively. A fair value loss on the Group's investment in Pillar of approximately HK\$12,569,000 (2024: HK\$10,308,000) has been recognised in other comprehensive income for the year ended 31 December 2025. No dividend income was received from Pillar for the year ended 31 December 2025 (2024: same). As part of the strategic cooperation between the Group and Pillar, a company has been set up by the parties in Hong Kong, namely Asia Molecular Diagnostic Laboratory Limited, which has established a high-standard molecular biology laboratory at the Hong Kong Science and Technology Park and has been providing NGS precision cancer diagnostic services in Hong Kong. The Group believes that the investment in Pillar will create synergies with the Group's medical laboratory testing services and health check services.

The Group did not hold any significant investment with a market value that account for more than 5% of the Group's total assets as at 31 December 2025.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisition or disposal of subsidiaries and affiliated companies for the year ended 31 December 2025.

CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2025	2024
	HK\$'000	HK\$'000
Property, plant and equipment	90,866	122,560

PLEDGED ASSETS

As at 31 December 2025, the Group did not have restricted bank deposits. As at 31 December 2024, the restricted bank deposits denominated in JPY amounting to approximately HK\$14,715,000 (equivalent to JPY300,225,000) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit for the purchase of the BNCT system.

As at 31 December 2025, the Group had secured bank borrowings of approximately HK\$141,087,000 (2024: HK\$13,259,000), which were secured by the Group's land use rights and the construction-in-progress in Hainan, the PRC and a joint and several liability guarantee provided by the Company and Mr. Liu (2024: same) in favour of banking facilities of RMB180,000,000 (2024: RMB50,000,000).

As at 31 December 2025, the Group had bank borrowings of approximately HK\$10,030,000 (2024: HK\$5,301,000), which were guaranteed by the Company and Mr. Liu.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the Group had a loan from a financial institution and other borrowings of HK\$6,000,000 and HK\$4,876,000 respectively which were secured by a charge over the Group's property, plant and equipment of HK\$10,496,000, deposit of HK\$780,000 and intangible assets of HK\$27,027,000. As at 31 December 2024, the Group had other borrowings of HK\$5,301,000 which were secured by a charge over the Group's property, plant and equipment of HK\$985,000, deposit of HK\$1,060,000 and intangible assets of HK\$33,620,000.

As at 31 December 2025, the Group had other borrowings of approximately HK\$22,289,000 (2024: HK\$21,202,000), which was secured by 47% shareholding of a subsidiary of the Company, and guaranteed by the Company and Mr. Liu Xiaolin (2024: same).

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

During the year ended 31 December 2025, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging. When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including interest rate swaps and foreign currency forwards contract will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations as appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 135 (2024: 141) full time employees which were located in Chinese Mainland and Hong Kong. Total staff costs for the year ended 31 December 2025 was approximately HK\$51,768,000 (the year ended 31 December 2024: HK\$65,779,000).

The Group remunerates its employees based on their performance, experience and the prevailing market condition. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training (including internal training on the Group's policies and procedures, and paid external training organised by third parties), participation in the share option scheme and share award scheme to provide further incentive and rewards to eligible participants who contribute to the success of the Group.

Provident fund benefits are offered to certain full-time employees through a registered scheme under the Occupational Retirement Schemes Ordinance ("ORSO") with the Mandatory Provident Fund exemption. The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (other than those who are covered under ORSO scheme). The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK\$1,500 per month per employee. The employees in the PRC are members of respective state-managed defined contribution retirement benefits scheme operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the basic payroll under rules of the schemes. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total contributions payable to the above schemes by the Group and charged to the consolidated statement of profit or loss for the year ended 31 December 2025 were approximately HK\$2,045,000 (2024: HK\$2,231,000).

EVENTS AFTER THE REPORTING PERIOD

On 20 February 2026, convertible bonds in the aggregate principal amount of US\$35,000,000 (the “**2026 Convertible Bonds**”) were issued by the Company to Wealth Strategy Holding Limited (the “**Subscriber**”) pursuant to the conditional subscription agreement dated 29 December 2025 entered into between the Company and the Subscriber. The maturity date of the 2026 Convertible Bonds is 20 February 2030. For details, please refer to the Company’s circular and announcement dated 22 January 2026 and 20 February 2026 respectively.

As a result of completion of the issue of the 2026 Convertible Bonds on 20 February 2026 and in accordance with the terms and conditions of the 2024 Convertible Bonds, the conversion price of the 2024 Convertible Bonds is adjusted from HK\$1.20 per Share to HK\$1.11 per Share and the maximum number of Shares to be issued by the Company upon conversion of the 2024 Convertible Bonds in full is 42,432,432 Shares, with effect from 20 February 2026, being the date of completion of the issue of the 2026 Convertible Bonds. Save for such adjustment, all other terms of the 2024 Convertible Bonds remain unchanged. For details, please refer to the Company’s announcement dated 20 February 2026.

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

Executive Directors

Mr. Liu Xiaolin (“Mr. Liu”), aged 55, has been appointed as a chairman and executive Director since 28 August 2017 and 7 August 2017 respectively. He is also the chairman of the nomination committee and a member of remuneration committee of the Company. Mr. Liu is a vice chairman of the School Council of Nanjing Medical University since November 2018. He possesses over 15 years of experience in investment, equity fund management, and mergers and acquisitions. From January 2003 to January 2008, Mr. Liu was the executive director of Shenzhen Jiuming Investment & Consulting Limited* (深圳市久名投資諮詢有限公司), a company principally engaging in investments. From February 2008 to October 2014, Mr. Liu was a partner and chief mainland China representative in an international private equity fund.

Mr. Liu graduated from The Macau University of Science and Technology in 2005 with a Master degree of Business Administration. He is also a director of a number of subsidiaries of the Company.

Mr. Liu is the sole director of Genius Lead Limited (which holds 529,500,546 shares in the Company) and its holding company, Genius Earn Limited.

Mr. He Xun (“Mr. He”), aged 61, has been appointed as an executive Director on 7 August 2018. Mr. He was appointed as a member of the State Pharmacopoeia Commission of China (國家藥典委員會) from October 2002 to 2007 and has been a member of the Science and Technology Expert Committee of the Shenzhen Municipal Government (深圳市科技專家委員會) since 2011. He was the founding president of Shenzhen Life Science and Biotechnology Association (深圳市生命科學與生物技術協會) in December 2012. Mr. He has over 30 years of management experience in senior management within the pharmaceutical and biotechnology sector. Since 2016, he has been appointed as the general manager of Shenzhen Sinobioway Xinpeng Biomedicine Co., Ltd.* (深圳未名新鵬生物醫藥有限公司). From 2014 to 2016, he was the general manager of Tinjian Sinobioway Biomedicine Co., Ltd.* (天津未名生物醫藥有限公司). From 1991 to 2016, he had worked in different pharmaceutical companies as general manager.

Mr. He obtained a Bachelor’s degree in chemical engineering and a Master’s degree in chemical engineering from Tsinghua University in July 1987 and June 1991 respectively, and subsequently obtained a Master’s degree of business administration from the National University of Singapore in August 2001.

Dr. Huang Song (“Dr. Huang”), aged 44, was appointed as a non-executive Director of the Company on 15 September 2017 and was redesignated as an executive Director of the Company on 16 December 2019.

Dr. Huang joined the National Institute of Biological Sciences, Beijing, the PRC, in February 2011 as a postdoctoral research fellow and currently serves as a deputy director of administration and a director of its Synthetic Biology Center (合成生物生物學中心), where he is mainly responsible for research management and institutional operation. Dr. Huang has published several research papers in top journals in relation to cancer and aging mechanism, and jointly owns a patent of potential prostate cancer treatment.

Dr. Huang obtained his Bachelor’s degree in biological science from Peking University in July 2003 and a Doctor of Philosophy (PhD) degree in integrative biology from Graduate School of Biomedical Sciences, the University of Texas Southwestern Medical Center at Dallas in December 2010.



BIOGRAPHICAL DETAILS OF DIRECTORS

Dr. Yin Ye (“Dr. Yin”), aged 46, has been appointed as an executive Director on 25 July 2025. Dr. Yin is the chief executive officer and executive director of the BGI Group, where he leads the teams to actively promote the industrial application of cutting-edge biotechnology and genomics research and works. He joined the BGI Group in 2002 and has served various positions within the group since then. He has served as a director and the vice president of BGI Genomics Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 300676.SZ) (“BGI Genomics”) until June 2024, the general manager of BGI Genomics, the general manager of BGI Medicine Co., Ltd.* (深圳華大基因醫學有限公司), the chief operating officer of Shenzhen BGI Technology Limited* (深圳華大基因科技有限公司), etc.

Dr. Yin obtained a bachelor’s degree in bioengineering from Dalian University of Technology in 2002, a master’s degree in bioengineering from South China University of Technology in 2013, and a PhD degree in Biology from the University of Copenhagen in 2019. He has also been certified by the BGI Genomics advanced professional and technical qualification assessment committee as a genomics researcher.

Independent non-executive Directors

Mr. Yan Guoxiang (“Mr. Yan”), aged 60, has been appointed as an independent non-executive Director on 7 August 2017. He is also the chairman of the audit committee and remuneration committee of the Company and a member of the nomination committee of the Company. Mr. Yan has over 20 years of experience in accounting and management. Mr. Yan has served as an executive director of Shenzhen Sichen Consulting Service Co. Ltd.* (深圳市士辰諮詢服務有限責任公司) since June 2018, as an independent non-executive Director of Guangdong Huicheng Vacuum Technology Co., Ltd. (廣東匯成真空科技股份有限公司) (stock code: 301392.SZ) (“**Guangdong Huicheng**”) since September 2025 and as an independent non-executive Director of Eaglerise Electric & Electronic (China) Co., Ltd. (伊戈爾電氣股份有限公司) (stock code: 002922.SZ) (“**Eaglerise Electric**”) since November 2025.

Mr. Yan served as a department manager of ShineWing Certified Public Accountants from March 2004 to September 2007, as a department manager of Pan-China Certified Public Accountants (天健會計師事務所) from September 2007 to June 2010, as an assistant to the general manager and manager of the finance department of Chongyi Zhangyuan Tungsten Industry Co., Ltd (stock code: 002378.SZ) from July 2010 to January 2012, as a partner of Dahua Certified Public Accountants (大華會計師事務所) from March 2012 to December 2014, as a general manager of Shenzhen Junxing Information Technology Co., Ltd.* (深圳市君行信息科技有限公司) from August 2016 to August 2019, as an independent non-executive director of Eaglerise Electric from November 2015 to November 2021 and as an independent non-executive director of Shenzhen Tianwei Video Co., Ltd. (深圳市天威視訊股份有限公司) (stock code: 002238.SZ) from August 2018 to July 2024.

Mr. Yan obtained a Bachelor’s degree in Accounting from Southwest University (西南大學) in July 2005. Mr. Yan obtained his certified public accountant qualification in April 1998. He is a non-practising member of the Chinese Institute of Certified Public Accountants (CICPA). He has also obtained professional qualifications as a Certified Asset Valuer, awarded by the China Appraisal Society (中國資產評估協會) in August 1997.

BIOGRAPHICAL DETAILS OF DIRECTORS

Dr. Guo Yuantao (“Dr. Guo”), aged 52, has been appointed as an independent non-executive Director on 6 June 2024. She is also the member of the audit committee, remuneration committee and nomination committee of the Company. She has over 20 years of equity research experience in various international investment banks with both sector exposure and macro exposure. Dr. Guo obtained a Bachelor of Arts with a major in International Economics from the School of Economics of Nankai University in 1995, a Master of Arts from the School of Economics of Peking University in 1998, and a Master of Philosophy from the Center of Development Studies and Churchill College of the University of Cambridge in 1999. Dr. Guo obtained her PhD from the Judge Business School and Churchill College of the University of Cambridge. Dr. Guo was the former Chief Strategist and Economist, Head of Equity Research and Managing Director of the China Merchants Securities (Hong Kong) from 2017 to 2023. Prior to joining China Merchants Securities (Hong Kong), Dr. Guo was the former Head of Asia Consumer/Internet/Media Equity, Research and Managing Director of Jefferies (Hong Kong) from 2011 to 2017. Dr. Guo also has extensive international exposure from working as an analyst in the equity research team of HSBC (Hong Kong), Goldman Sachs (Gaohua Beijing) and Goldman Sachs (Singapore). Dr. Guo was accredited as a permanent member of the China Independent Non-Executive Directors Association (中國獨立非執行董事協會) in December 2023. Since 29 August 2024, Dr. Guo has been appointed as an independent non-executive director of Tianneng Power International Limited (stock code: 0819.HK), a company listed on the Stock Exchange.

Dr. Zhang Xiao (“Dr. Zhang”), aged 64, has been appointed as an independent non-executive Director on 25 July 2025. He is also a member of the audit committee of the Company. Dr. Zhang has over 30 years of management experience in senior management within the healthcare sector. He was the global senior vice president and president of Greater China of Varian Medical Systems before his retirement in 2024. He joined Varian Medical Systems in 2013 as the managing director of China, responsible for the business of radiotherapy, proton therapy and its X-ray imaging components in China. In 2014, he was appointed as the global vice president and president of Greater China of Varian, responsible for the business in Mainland China and Taiwan. Under his leadership, Varian’s business continued to grow and had taken a leading position in the Greater China market. Dr. Zhang was committed to expanding the accessibility of tumor radiotherapy in China and improving the five-year survival rate of Chinese cancer patients. He has driven a series of transformative and innovative initiatives for Varian in China, including the launch of Halcyon, a next-generation intelligent radiotherapy platform, the application of advanced technologies such as artificial intelligence to create a comprehensive radiotherapy cloud solution, etc. Prior to joining Varian, he had worked in different business groups of General Electric.

Dr. Zhang obtained a Master of Science and a Doctor of Philosophy from the University of Tennessee, Knoxville in 1989 and 1992 respectively.

Changes in Information of Directors

Pursuant to Rule 17.50(A)(1) of GEM Listing Rules, the changes in information of Directors of the Company are set out below:

Directors	Details of changes
Mr. Yan	Since September 2025, Mr. Yan has been appointed as an independent non-executive director of Guangdong Huicheng. Since November 2025, Mr. Yan has been reappointed as an independent non-executive director of Eaglerise Electric.

Please refer to note 15 (BENEFITS AND INTERESTS OF DIRECTORS) to the consolidated financial statements for changes in Directors’ emoluments for the year.

* The English name of this entity is used for identification purpose only. The official name of this entity is in Chinese.



CORPORATE GOVERNANCE REPORT

Pursuant to the Rule 18.44(2) of the GEM Listing Rules, the board of Directors (the “**Board**”) is pleased to present the corporate governance report for the year ended 31 December 2025 (the “**2025 Year**”). This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company. The Board is committed to maintaining corporate governance with high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company.

Throughout the 2025 Year, the Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the GEM Listing Rules, and has complied with the code provisions in the CG Code.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the 2025 Year and there is no incident of non-compliance.

BOARD OF DIRECTORS

Composition

As at 31 December 2025, the Board comprises four executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Liu Xiaolin (*Chairman*)

Mr. He Xun

Dr. Huang Song

Dr. Yin Ye (*appointed on 25 July 2025*)

Independent Non-executive Directors

Mr. Yan Guoxiang

Dr. Guo Yuantao

Mr. Qian Hongji (*resigned on 25 July 2025*)

Dr. Zhang Xiao (*appointed on 25 July 2025*)

The composition of the Board reflects the combination of skills and experience in different areas with different expertise of the Directors to provide independent opinions and implement strategic plans.

CORPORATE GOVERNANCE REPORT

The resignation of Mr. Qian Hongji as an independent non-executive Director was due to his other business commitments which require more of his dedication. He confirmed that he did not have any disagreement with the Board and there was no matter in relation to his resignation that would need to be brought to the attention of the shareholders of the Company.

Dr. Yin Ye and Dr. Zhang Xiao, who were appointed as an executive Director and an independent non-executive Director respectively during the 2025 Year, have obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 24 July 2025 and 10 June 2025 respectively, and have confirmed that they understood their obligations as a director of the Company.

There is no relationship among members of the Board and the biographical details of the Directors are set out in the section headed “Biographical Details of Directors” of this report.

Directors’ Insurance

The Company has arranged appropriate insurance cover in respect of legal action against the Directors in compliance with Code Provision C1.8 of the CG Code.

Responsibilities, accountabilities and contributions of the Board and management

The Company is governed by the Board, which is primarily responsible for formulating the overall strategy development of the Group and overseeing management, administration and operation of the Group. The Board should assume responsibility for leadership and control of the Group by directing and supervising its affairs. All Directors should make decisions objectively in the interests of the Company.

The Board reserves the right to make decisions on all major matters relating to (i) monitoring and executing the internal control and risk management; (ii) evaluating the financial performance; (iii) seeking and evaluating of any potential material acquisitions, disposals, investments or transactions; and (iv) approving appointment of Directors and other significant operational matters of the Group including setting the overall strategies and directions for the Group with the aim of developing its business and enhancing return to shareholders.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management of the Group. The Board has reviewed the delegation to management periodically to ensure that they remain appropriate.

The biographical details of the Directors are set out in the section above headed “Biographical Details of Directors” on page 16 to page 18 of this report. Their role and function are published on the websites of the Company and the Stock Exchange. Save as disclosed in this report, none of the Directors has any relationship (including financial, business, and family or other material/relevant relationship) with each other.

All Board committees of the Company are established with defined written terms of reference.

The respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee have been published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Attendance of Directors at Meetings

The attendance of the Directors at the general meetings of the Company, the meetings of each of the Board, the Audit Committee, the Remuneration Committee, and the Nomination Committee during the 2025 Year are set out below:

Name of Directors	Notes	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors						
Mr. Liu Xiaolin		9/9	N/A	2/2	2/2	1/1
Mr. He Xun		9/9	N/A	N/A	N/A	1/1
Dr. Huang Song		9/9	N/A	N/A	N/A	0/1
Dr. Yin Ye	2	5/5	N/A	N/A	N/A	N/A
Independent non-Executive Directors						
Mr. Yan Guoxiang		9/9	3/3	2/2	2/2	1/1
Dr. Guo Yuantao		9/9	3/3	2/2	2/2	1/1
Dr. Zhang Xiao	2	5/5	2/2	N/A	N/A	N/A
Mr. Qian Hongji	1	4/4	1/1	N/A	N/A	1/1

Note:

1. Mr. Qian Hongji resigned as an independent non-executive director with effect from 25 July 2025.
2. Dr. Yin Ye and Dr. Zhang Xiao were appointed as an executive director and an independent non-executive director respectively with effect from 25 July 2025.

The Directors have received details of agenda and minutes of committee meetings in advance of and after each Board meeting respectively. The company secretary of the Company ("**Company Secretary**") has distributed relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meeting. All Directors have access to the advices and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with the compliance officer of the Company, advising the Board on compliance matters.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary have prepared minutes of the Board meetings and kept records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also has kept the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

All independent non-executive Directors are appointed for a specific term of one year.

According to Company's bye-laws, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.05 of the GEM Listing Rules, the Company must have three independent non-executive Directors; one of them has appropriate professional qualification or accounting or related financial management expertise. The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive Directors and all independent non-executive Directors are considered to be independent.

The Company has established the following mechanisms, which is reviewed by the Board on an annual basis, to ensure independent views and input are available to the Board:

Independent non-executive Directors

- independence of independent non-executive Directors of the Company is evaluated against the requirements set out in Rule 5.09 of the GEM Listing Rules.
- annual confirmation from independent non-executive Directors regarding any changes to circumstances which may impair their independence.

Nomination and Appointment

- adopting the board diversity policy when nominating members of the Board.

Board and Committees' Structure

- reviewing the composition of the Board, and the Audit, Remuneration and Nomination Committees for compliance with the CG Code.
- reviewing the relationship among members of the Board, if any.

BOARD COMMITTEES

The Board is responsible for performing the corporate governance duties set out in the Code Provision A.2.1 of the CG Code, including (a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the Company's compliance with the Company's policies and practices on compliance with legal and regulatory requirements; (d) developing, reviewing and monitoring the code of conduct; and (e) reviewing the Company's compliance with the CG Code and disclosure in this report.

As part of the corporate governance practices, the Board has established three Board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with terms of reference in accordance with the principles set out in the CG Code.



CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee is currently composed of three independent non-executive Directors, namely, Mr. Yan Guoxiang (Chairman of the Audit Committee), Dr. Guo Yuantao and Dr. Zhang Xiao. The financial results for the 2025 Year have been reviewed by the Audit Committee.

The principal duties of the Audit Committee include, among other matters as listed on the CG Code, the following:

- (a) to review the relationship with the external auditor to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (b) to monitor integrity of the Company's interim results, unaudited consolidated financial statements, annual results, annual report and interim report and review these reports and significant financial reporting judgments contained in them;
- (c) to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and consider major investigation findings on risk management and internal control matters;
- (d) to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and
- (e) to review arrangements employees of the Company can use, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the 2025 Year, the Audit Committee has three meetings and has performed the above mentioned principal duties and reviewed the Company's interim results, unaudited consolidated financial statements, annual results, annual report and interim report and to advise and comments thereon to the Board. The Audit Committee has performed the duties to review the compliance procedures, report on the Company's internal control and risk management, and its other duties under the CG Code. The Audit Committee also met the external auditor twice without the presence of the executive Directors. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The Audit Committee is established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out the Audit Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee is currently composed of three members, including two independent non-executive Directors, namely Mr. Yan Guoxiang (Chairman of the Remuneration Committee) and Dr. Guo Yuantao and one executive Director and the chairman of the Company, Mr. Liu Xiaolin.

The principal duties of the Remuneration Committee include, among other matters as listed on the CG Code, the following:

- (a) making recommendations on the remuneration policy and structure of the Company, and determining the remuneration packages of, all Directors and senior management to the Board for the Board's final determination pursuant to Code Provision E.1.2 of the CG Code; and
- (b) establishing a formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration pursuant to Code Provision E.1.2 of the CG Code.

The Remuneration Committee held two meetings during the 2025 Year to perform the above mentioned principal duties.

The following is a summary of work performed by the Remuneration Committee during the 2025 Year:

- (a) reviewing and recommending the policy and structure of the remuneration of the Directors and senior management pursuant to Code Provision E.1.2(c)(ii) of the CG Code to the Board;
- (b) assessing individual performance of the Directors;
- (c) reviewing specific remuneration packages of the Directors with reference to the Board's corporate goals and objectives as well as individual performances; and
- (d) reviewing and making recommendations to the Board on the appointment letters of each Directors.

Details of the Directors' remuneration and five highest paid individuals set out in notes 15 and 14 to the consolidated financial statements.

The Remuneration Committee is established with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules. The full terms of reference setting out the Remuneration Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.



CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee is currently composed of three members, including two independent non-executive Directors, namely Mr. Yan Guoxiang and Dr. Guo Yuantao and one executive Director and the chairman of the Company, Mr. Liu Xiaolin (Chairman of the Nomination Committee).

The Nomination Committee leads the process and makes recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of the business development and requirements of the Company. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the criteria of nomination and appointment of the directors as sets out in the director nomination policy of the Company, which include but not limited to the character and integrity, skills and expertise, professional and educational backgrounds, potential time commitment for the board and/or committee responsibilities, and the elements of the board diversity policy of the Company. If the nomination process yields one or more desirable candidates, the Nomination Committee will rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee will then make recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the bye-laws of the Company and the GEM Listing Rules.

In case of re-appointments of members of the Board at general meetings of the Company, the Nomination Committee will review the overall contribution and service to the Company of the retiring Director and his/her level of participation and performance on the Board, as well as whether the retiring Director continues to meet the nomination and appointment criteria as set out in the director nomination policy of the Company, prior to making recommendations to the Board for its consideration and recommendations to the shareholders of the Company.

The principal duties of the Nomination Committee include, among other matters as listed on the CG Code, the following:

- (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assisting the Board in maintaining a board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on selection of individuals nominated for directorships;
- (c) assessing the independence of the independent non-executive Directors;
- (d) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Company;
- (e) supporting the Company's regular evaluation of the Board's performance;
- (f) determining, renewing and revising the policy for nomination of Directors and a policy on diversity of Board members; and
- (g) assessing each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on GEM or the Main Board and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience.

CORPORATE GOVERNANCE REPORT

The following is a summary of the work performed by the Nomination Committee during the 2025 Year:

- (a) reviewing and evaluating the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy;
- (b) reviewing and recommending the re-appointment of the retiring Directors at the annual general meeting of the Company held on 5 June 2025 and the appointment of independent non-executive Director;
- (c) assessing independence of the independent non-executive Directors; and
- (d) reviewing and recommending the appointment letters of each Directors.

During the 2025 Year, two meetings were held by the Nomination Committee to, among, other thing, review the structure, size, composition and diversity of the board, assess the independence of each of the independent non-executive Directors, and recommend to the Board for approval. The Nomination Committee reviewed the board diversity policy to ensure its effectiveness and considered that the Group has implemented the policy since its adoption.

The full terms of reference setting out the Nomination Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board includes both genders and has a balanced mix of experiences, including business management, business development, industry knowledge, medical, finance, auditing and accounting experiences. Furthermore, the education background of the Directors ranges from biological chemistry, chemical engineering and medical to accountancy, business administration, from education institutions in the PRC, Macau, the United States, the United Kingdom, Denmark and Singapore. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board members, and will review the board diversity policy and its implementation from time to time to monitor its continued effectiveness, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

To achieve board gender diversity, the Company shall ensure that no single gender dominates the Board. As at 31 December 2025, the Board is composed of 1 female Director and 6 male Directors, the Nomination Committee will continue to measure the effectiveness of the diversity policy of the Board.



CORPORATE GOVERNANCE REPORT

Gender Diversity in the Workforce

Please refer to page 51 of the Environmental, Social and Governance Report (“**ESG Report**”) for the number of female and male employees and the demographic distribution of such employees of the Group (including senior management).

The Group achieved an overall female-male gender ratio of 1.37:1 for the 2025 Year in Hong Kong and a ratio of 0.54:1 in the PRC. The overall female-male gender ratio including the PRC and Hong Kong is 1.07:1. As such, the Group considers it has achieved gender diversity for 2025 Year. The Group will continue to evaluate its gender diversity.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The position of the chairman is held by Mr. Liu Xiaolin. The responsibilities of the chairman of the Company is to ensure the Board to work effectively and perform its responsibilities, and all key and appropriate issues are discussed by the Board, draw up and approve the agenda for each board meeting and take into accounts, any matters proposed by others Directors for inclusion in the agenda.

As at 31 December 2025 and up to the date of this report, the Company has not appointed a chief executive officer and is looking for a suitable candidate to act as chief executive officer in order to comply with the CG Code. The office and duties of the chief executive officer in respect of the day-to-day management of the Group’s business is handled by the executive Directors collectively.

COMPANY SECRETARY

The Company Secretary supports the Board and Board committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company’s affairs. The Company Secretary is appointed by the Board and reports to the chairman and Directors of the Company. The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules.

Ms. Fung Pui Yin (“**Ms. Fung**”) has been appointed as the company secretary of the Company with effect from 25 July 2025. Ms. Fung, graduating from The Hong Kong Polytechnic University with a degree in Bachelor of Accountancy, is a member of CPA Australia. Ms. Fung has taken more than 15 hours of relevant professional training to update her skills and knowledge during the 2025 Year.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Directors’ training is an ongoing process. During the 2025 Year, the Directors are provided with monthly updates on the Company’s performance and position to enable the Board as a whole and each Director to discharge their duties.

CORPORATE GOVERNANCE REPORT

Under the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are encouraged to participate in continuous professional development.

All Directors participated in continuous professional development by attending training or reviewing the materials relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements during the 2025 Year in order to develop and refresh their knowledge and skills. The Company updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

During the 2025 Year, the Directors have participated in the following trainings at the Company's expenses:

Name of Directors	Type of trainings	
	Seminars	Reading Materials
<i>Executive Directors</i>		
Mr. Liu Xiaolin		√
Mr. He Xun		√
Dr. Huang Song		√
Dr. Yin Ye (<i>appointed on 25 July 2025</i>)	√	√
<i>Independent Non-executive Directors</i>		
Mr. Yan Guoxiang		√
Dr. Guo Yuantao		√
Mr. Qian Hongji (<i>resigned on 25 July 2025</i>)		√
Dr. Zhang Xiao (<i>appointed on 25 July 2025</i>)	√	√

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility to prepare financial statements for each financial year.

During the 2025 Year, the Group incurred a loss for the year of approximately HK\$80,841,000 and, as of 31 December 2025, the Group had net current liabilities of approximately HK\$266,069,000. In addition, as at 31 December 2025, the Group had total borrowings and lease liabilities of approximately HK\$338,012,000 and HK\$12,620,000 respectively, while the Group had bank and cash balances of approximately HK\$12,083,000.

After carrying out a detailed review of the cash flow projections of the Group covering a period of eighteen months up to 30 June 2027 ("**Cash Flow Projections**") and taking into account the plans and measures detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will have sufficient working capital to sustain its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the Cash Flow Projections. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis. As at 31 December 2025, the directors concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.



CORPORATE GOVERNANCE REPORT

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other inside information announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to include the information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditors' report set out from pages 73 to 82 of this annual report, are made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the consolidated financial statements.

The Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The interim and annual results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

The management has the responsibility to maintain appropriate and effective risk management and internal control systems and the Board and the Audit Committee has responsibility to review and monitor the effectiveness of the Group's risk management and internal control system covering material controls, including financial, operational and compliance controls on an ongoing basis to ensure that the systems in place are adequate and effective and safeguard the interests of the Company's shareholders and the Group's assets. The Group adopts a risk management system which manages the risk associated with its business and operations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and they can only provide reasonable, but not absolute, assurance against material misstatements or losses.

The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organisations of the Treadway Commission COSO 2013 framework ("**COSO**"). The COSO enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the COSO are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.



CORPORATE GOVERNANCE REPORT

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Please refer to the paragraph headed "Anti-corruption" on page 54 to 55 under the ESG Report for details on whistleblowing and anti-corruption measures of the Company.

During the 2025 Year, the Group has yet to establish an internal audit function as required under Code Provision D.2.5 of the CG Code because of cost considerations and perceived effectiveness of existing internal controls, and the Group has adopted the practice of engaging an independent professional firm to report on its internal control processes on an annual basis. In addition, the Group will continue to review whether there is a need for an internal audit department at least annually.

During the 2025 Year, the Company engaged an independent professional firm, which has a team of professional staff with relevant expertise (such as certified public accountants), to perform an annual internal audit on the Group, including to conduct a review of the risk management and internal control systems for its business operations and processes of the Group by conducting interviews, walkthroughs and test of operating effectiveness. The review was done on a systematic basis based on the risk assessments of the operations and controls, and covered review of corporate governance of the Company for the 2025 Year. The review plan was approved by the Board and the Audit Committee. The Board and the Audit Committee have also reviewed the resources, staff qualifications and experience, training programs and budget of the independent professional firm and considered they are adequate and sufficient. In addition, there is regular dialogue with the Group's internal and external auditors so that both are aware of the significant factors which may affect their respective scope of work.

The internal control review report for the 2025 Year, issued by the independent professional firm, listed out the findings identified in 2025 Year in regard to the relevant cycles with recommendations proposed for the Company to further improve its internal control system. No significant deficiency was identified during the review and areas of improvement, if any, have been identified and appropriate measures have been put in place to manage the risks. The Board and the Audit Committee considered the systems effective and adequate throughout the 2025 Year.

The results of the internal control review and follow-up actions taken by the Group have been reported to the Board and the Audit Committee in connection with their annual review on the risk management and internal control systems of the Group in respect of the 2025 Year. Several areas have been considered during the reviews, which included but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment, (ii) the scope and quality of management's ongoing monitoring of risk management and internal control system.

CORPORATE GOVERNANCE REPORT

Auditor's remuneration

For the 2025 Year, the payable to RSM Hong Kong in respect of audit services amounted to HK\$1,210,000 (2024 Year: HK\$1,380,000) and no fee payable to RSM Hong Kong in respect of non-audit services. For the 2024 Year, the fee payable to RSM Hong Kong in respect of non-audit services, which included the reporting accountant for major transaction and due diligence, amounted to approximately HK\$140,000.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

During the 2025 Year, there was no change in the bye-laws of the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company's shareholder communication policy aims to encourage shareholder participation and to promote two-way communication with shareholders of the Company.

The Company updates its shareholders on its latest business developments and financial performance through its corporation communications such as annual reports and interim reports, notices, announcements and circulars issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.cbshhk.com in a timely and consistent manner as required by the GEM Listing Rules. The Company's website provides a communication platform to the public and the shareholders.

The Company regards the annual general meeting ("AGM") and special general meeting ("SGM") as a platform to provide an important opportunity for direct communications between the Board and the shareholders.

Shareholders are encouraged to attend the AGM and other shareholders' meetings. The Company supports the CG Code principle to encourage shareholder's participation.

During the 2025 Year, the Company convened the 2025 AGM on 5 June 2025 and encouraged shareholders' participation in the AGM. The AGM provided a channel for a two-way communication for shareholders to communicate their views on various matters affecting the Company, and for the Company to better solicit and understand the views of its shareholders and stakeholders.

Furthermore, there are direct channels for shareholders to send their enquiries to the Board, as well as to put forward proposals and to convene SGM as detailed under the paragraphs titled "SHAREHOLDERS' RIGHTS" below.

In view of the above, the Company is of the view that the shareholders communication policy for the 2025 Year is effective, and will continue to evaluate and revise its shareholders' communication policy from time to time.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

A. Procedures for Shareholders to Convene a Special General Meeting

SGMs of the Company shall be convened in accordance with bye-law 58 of the bye-laws of the Company, on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the Company Secretary at the Company's head office and principal place of business in Hong Kong (currently at Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong), for the purpose of requiring a SGM to be called by the Board for the transaction of any business or resolution specified in such requisition.

Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may convene such meeting in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

B. Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the Company's principal place of business in Hong Kong, which is currently at Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors.

C. Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings

Shareholders may put forward a resolution to be considered at a SGM. The requirements and procedures are set out above in the paragraph headed "Procedures for Shareholders to Convene a Special General Meeting".

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 25 March 2019 (“**Dividend Policy**”). The Dividend Policy allows the shareholders of the Company to participate in the Company’s profits by provision of dividends whilst preserving the Company’s liquidity to capture future growth opportunities.

According to the Dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

- (i) the Group’s operation and financial performance;
- (ii) the Group’s capital requirements and future funding needs;
- (iii) the liquidity conditions of the Group;
- (iv) the availability of reserves of the Company and each of the members of the Group;
- (v) any restriction on payment of dividends;
- (vi) the general economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and
- (vii) any other factors that the Board may consider relevant.

The declaration of dividends by the Company is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda, the GEM Listing Rules, bye-laws of the Company and any applicable laws, rules and regulations. The Dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

The Group is fully committed to environmental protection, social responsibility and is equipped with the strictest corporate governance. In pursuant to the requirements of the Environmental, Social and Governance Reporting Code (“**Environmental, Social and Governance Reporting Code**”) in Appendix C2 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), we have prepared the *Environmental Social and Governance (“ESG”) Report* (thereafter “**ESG Report**”) for the year ended 31 December 2025 in accordance with the mandatory disclosure requirements and the “comply or explain” provisions as set out in Appendix C2 of the GEM Listing Rules, covering business segments principally in the (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and healthy management services in the People’s Republic of China (the “**PRC**”); (iii) provision of boron neutron capture therapy (“**BNCT**”) services in PRC; (iv) sale and distribution of health related pharmaceutical products in the PRC and Hong Kong; and (v) provision of insurance brokerage services in Hong Kong.

This report covers the Group’s efforts to promote ESG concepts among our employees and clients. We have integrated these practices into our daily operations since 2016 and are disclosing our results for the 2025 financial year. Our management aims to provide an overview of the Group’s strategy for managing ESG issues, implementing initiatives across the company, and communicating our performance to stakeholders.

The report includes environmental data to summarize our performance over the past year. We have included comparisons with previous years to clearly show our progress and trends. Unless stated otherwise, we used the same calculation methods as previous reports to ensure the data remains comparable.

The information in this report allows our stakeholders and management to review and improve the Group’s ESG policies. This helps us work toward achieving better ESG results in the coming years.

BOUNDARY AND REPORTING PERIOD

The reporting boundary shall cover our operation in the Group’s core business units of which it has financial control. This includes the Hong Kong head office as well as the group’s subsidiaries operating in Hong Kong and Chinese Mainland. There is no significant change in boundary and scope of this report from the Group’s Environmental, Social and Governance Report for the year ended 31 December 2024.

Our reporting period shall cover the dates from **1 January 2025** to **31 December 2025** (both days inclusive) (the “**2025 Year**”).

ESG GOVERNANCE STRUCTURE

The Board leads the Group’s ESG efforts by setting policies, goals, and targets. It directs management, supervises the implementation of initiatives, and monitors overall ESG performance. Our business and functional departments support these strategies and ensure that ESG policies are effective. The Board is also looking for ways to further strengthen the Group’s ESG governance.

The Board regularly reviews ESG matters, including environmental protection, employment practices, operating methods, and community investment. We implement measures to improve the Group’s ESG performance based on these reviews.

We believe that a strong ESG structure is essential for the Group’s long-term growth and sustainability. The Group is committed to taking on more social responsibility to balance the interests of all our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MANAGEMENT OF ESG TOPICS

To provide clear guidance to our employees on the proper management approach of ESG-related topics, the Group has developed an ESG Policy which sets out the principles adopted by the Group to operate in a manner that provides a positive contribution to the environment and the society that it operates in. The policy is applicable to all directors, officers and employees of the Company. Our business partners such as subcontractors are also encouraged to adhere to the policy to ensure performance consistent with industry best practices.

The Group's ESG policy details the key responsibilities of the Group with respect to environmental and social issues, in addition to commitments for addressing the needs of individual stakeholder Groups, such as external stakeholders, employees, and the community.

The ESG Policy is used as the framework for the Group's regular review of its ESG performance, through performance monitoring using KPIs and performing stakeholder engagement to collect feedback to assist the Group's continuous improvement in ESG performance.

The Group's management views ESG performance as essential to the Group's sustainable success and holds regular ESG evaluation meetings to discuss latest developments in ESG, stakeholder expectations and the Group's ESG performance. This ensures the management team maintains up-to-date knowledge and awareness regarding emerging market trends and allows proactive management of ESG risks which may have an impact to the Group's business operations. This includes the use of scenario planning to gain an understanding of key ESG risk factors, which are incorporated into our company risk management process for close monitoring. In addition to management of ESG risks, the Group also actively seeks opportunities to integrate sustainability into our business operations.

STAKEHOLDER ENGAGEMENT

The Group is dedicated to reducing our environmental impact, promoting the well-being of our employees and contributing to the community.

To ensure that we have adequately addressed the various aspects of ESG associated with our operations, we consulted both internal and external stakeholders about its potential impacts. The Group understands the importance of maintaining good relationship with stakeholders of different backgrounds, and thus included a diversity of parties in our consultation process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

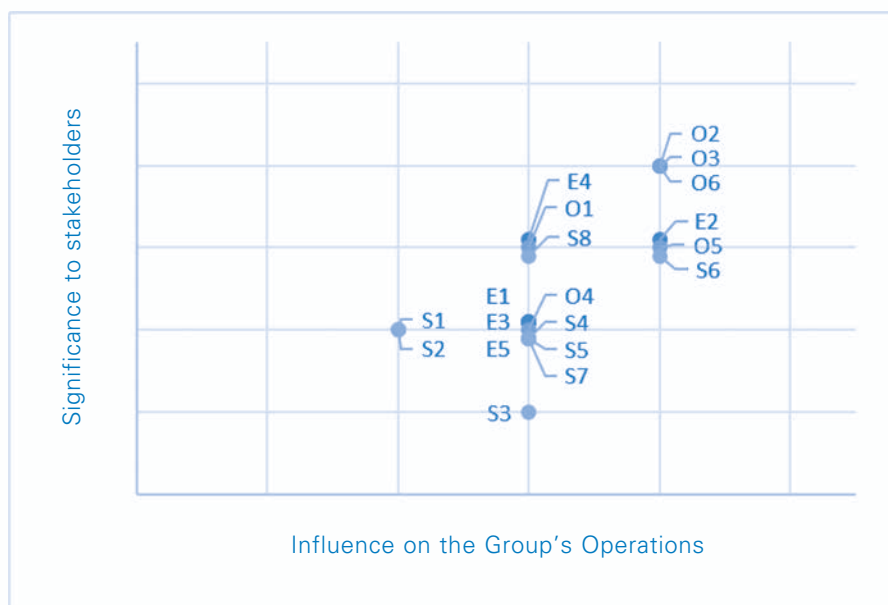
The below table presents key stakeholders of the Group as well as the methods of communication adopted by the Group to communicate with them through a variety of engagement channels during the year.

Stakeholder Type	Stakeholders	Expectations and Concerns	Engagement Channels
Internal Stakeholders	Employees	<ul style="list-style-type: none"> • Staff salary and benefits • Health and safety of working environment • Training and career development 	<ul style="list-style-type: none"> • Training • Performance Review and Interviews • Internal announcements and publications • Suggestion Box
	Shareholders	<ul style="list-style-type: none"> • Corporate governance • Business compliance • Return on investment 	<ul style="list-style-type: none"> • Press Releases and Announcements • Annual Meeting • Annual and Interim Reports • Company website
	Customers	<ul style="list-style-type: none"> • Customer rights protection • Quality and safety of products and services 	<ul style="list-style-type: none"> • After-sales services • Customer feedback through forms, email and hotline
External Stakeholders	Suppliers	<ul style="list-style-type: none"> • Fair procurement process • Quality of goods • Timely payment for supplied goods/services 	<ul style="list-style-type: none"> • Site visit • Supplier feedback forms
	Government and Regulatory Authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Sustainable development 	<ul style="list-style-type: none"> • Supervision on compliance with local laws and regulations • Routine reports to regulatory authorities
	Community	<ul style="list-style-type: none"> • Community involvement • Protection of local environment 	<ul style="list-style-type: none"> • Community activities

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MATERIALITY ASSESSMENT

The Group performed a materiality assessment to identify and evaluate key ESG topics that matter most to our internal and external stakeholders, including customers, investors, employees, suppliers and the government. The findings of the assessment are presented in a materiality matrix, as shown below:



Legend		
E1 Energy Management	O1 Customer Satisfaction	S1 Anti-discrimination
E2 Environmental Compliance	O2 Product Quality Management	S2 Child Labour and Forced Labour Management
E3 Greenhouse Gas Management	O3 Product Sales and Labelling	S3 Community Relations
E4 Waste Management	O4 Raw Materials Management	S4 Diversity and Equal Opportunity
E5 Wastewater Management	O5 Supplier Management	S5 Employee Communication
	O6 Anti-Corruption	S6 Occupational Safety and Health
		S7 Talent Management
		S8 Training and Development

During the 2025 Year, the Group continued to maintain an open and transparent dialogue with its stakeholders through a variety of communication channels. They include but are not limited to staff meetings, annual general meeting and customers services channel. Through extensive stakeholder engagement, the Group has obtained a better understanding of their expectation on ESG-related matters to ensure better alignment between our business growth and our sustainability strategy.

Through regular communication and interaction with both internal and external stakeholders, the Group can better identify and prioritise the ESG issues, therefore maintaining a balance between its business practices and sustainability while addressing stakeholders' needs and expectations.



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The Group will continuously improve the ESG performance to meet the expectation of stakeholders. In the future, the Group will continue and expand its stakeholder engagement process and materiality assessment through diversified communication channels.

Overview of Compliance with Relevant Laws and Regulations

During the 2025 Year, the Company has complied with the following non-exhaustive list of rules and regulations in its business activities:

Environmental

During the 2025 Year, the Company has complied with the following rules and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong)
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong)

Social and Employment

During the 2025 Year, the Company has complied with the following rules and regulations (i) relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; (ii) relating to preventing child and forced labour; and (iii) relating to providing a safe working environment and protecting employees from occupational hazards:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)
- Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

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Product Responsibility

During the 2025 Year, the Company has complied with the following rules and regulations relating to health and safety, advertising, labelling and privacy matters relating to its products and services provided:

- Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)
- Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)
- Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong)
- Competition Ordinance (Chapter 619 of the Laws of Hong Kong)
- Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong)
- Medical Laboratory Technologists (Registration and Disciplinary Procedure) Regulations (Chapter 359A of the Laws of Hong Kong)
- Radiographers (Registration and Disciplinary Procedure) Regulation (Chapter 359H of the Laws of Hong Kong)
- Radiation Ordinance (Chapter 303 of the Laws of Hong Kong)
- Radiation (Control of Radioactive Substances) Regulations (Chapter 303A of the Laws of Hong Kong)
- Radiation (Control of Irradiating Apparatus) Regulations (Chapter 303B of the Laws of Hong Kong)
- Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong)

Anti-corruption

During the 2025 Year, the Company has complied with the following rules and regulations relating to bribery, extortion, fraud and money laundering:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)
- United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)
- Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong)
- Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong)

ENVIRONMENT

Impact Awareness

The Group understands the importance of having strong environmental awareness for our operations. As a company focused in providing services in precision diagnosis and cellular therapeutics, we recognize that our business activities can potentially cause significant impacts to the environment. We strive to minimize our environmental footprint by implementing sustainable practices in our R&D, medical testing, and cancer precision diagnosis operations. This includes energy conservation, minimizing waste generation, and managing our water usage. Additionally, we actively source materials and equipment from environmentally responsible vendors, and encourage our employees to adopt eco-friendly practices in their work and personal lives. We are committed to being a responsible corporate citizen and doing our part to protect the environment for future generations.

The Group understands that the Board play a critical role in leading our ESG efforts and driving impact awareness. We recognize that ESG considerations are essential for the long-term success of our business and we are in progress of setting a dedicated ESG committee to monitor our progress and develop strategies to help us achieve our ESG goals. Additionally, our board members actively engage with stakeholders to understand their concerns and incorporate their feedback into our ESG initiatives. We believe that strong board leadership is key to promoting ESG awareness across our organization and inspiring our extended stakeholders to take action on these critical issues.



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Environment Policies

The Group understands the importance of environmental protection, recognises the potential environmental impacts associated with our operational activities, and strives to minimise our impacts. While we aim to generate revenue for our shareholders, as well as providing high quality products and professional services to our customers, the Group established sets of **Environmental Policy** to ensure compliance with all applicable laws and regulatory requirements in both the PRC and Hong Kong. Our policies also set the direction, and as a guideline for our employees, on best managing our environment impacts on the local environment according to different activities throughout our operations. The key features of our environmental policies include:

- Monitoring of compliance with all applicable environmental laws, standards and regulations;
- Developing a culture of environmental protection among staff members;
- Promoting awareness of environmental sustainability issues through resource conservation in the context of operations;
- Seeking continual improvement in the efficient use of energy and other natural resources; and
- Employing the best practices as listed out in our “Green Measures for Offices”.

Due to the nature and the regional coverage of our business, it is important for us to identify and manage environmental impacts relevant to our operational activities, such that these impacts can be minimised where possible. We have promoted our environmental protection awareness programme throughout our internal operations. In addition, we encourage our clients and customers to collaborate with us on our environmental protection efforts.

Climate-related Issues

The Group recognises the increasing importance of climate topics to sustainable business operations and the Group has developed a set of internal policies to establish the process for identifying material impacts of climate-related risks to the Group’s business. The Group performs regular reviews on the regulatory and sector trends to identify potential risk factors which have a material impact to the Group’s operations. This includes regular monitoring of new policies in our regions of operations related to environmental performance, energy consumption, and carbon emissions. In addition, we also benchmark our performance and strategies against industry trends and our peers. This is to ensure that the Group remains alert of best practices when developing climate management strategies.

Due to the business nature of the Group, we do not expect physical risks associated with climate-change to have a significant impact on our business model and our value chain. However, with the global trend of GHG reduction, the transition to green electricity and more stringent environmental regulations is anticipated to increase the operating costs in the upcoming years, such as increased costs of electricity and fuels. To limit our exposure to this potential risk, we have developed strategies and targets to reduce our environmental footprint, which will be elaborated in the following sections of the report. However, the severity of such potential impact is not anticipated to cause material financial impact to the Group. The Group will remain alert on such issues and include any new observations in subsequent reports.

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Use of Resources

As an environmental-friendly company, the Group is actively persuading the culture of “Green Office” and the smart consumption of natural resources, and particularly on energy and paper saving.

Measures such as adopting an Energy Conservation and Efficiency Policy and practices in offices and the adoption of green technologies in our operations, were successfully implemented throughout 2025 Year. Details can be found as below:

Energy Saving Measures:

- Energy equipment with “Energy Efficient Label” is included as part of the procurement process selection criteria, and shall be adopted as far as possible;
- Good working space practices, such as setting the air conditioners to 25.5°C, are encouraged for a comfortable and energy-efficient working environment; and
- Energy-conservation practices on utilising electronic equipment are adopted throughout our working premises, such as reducing idle electronic appliances by switching them off or utilizing energy saving modes.

Paper Saving Measures

- E-documentation platform is promoted in our offices (i.e. email) to reduce paper consumption and waste;
- Marketing materials, such as greeting cards, shall be sent by electronic means as much as possible; and
- Where paper use is unavoidable, paper conservation practices, such as double-sided printing or copying, are encouraged whenever it is appropriate.

Water Conservation Policy

Although water consumption is not significant for the Group’s operations, and the Group did not encounter any difficulties in sourcing water supply, we encourage our staff to be cautious of water consumption during daily operations. Initial analysis did not identify water scarcity to be a material risk for our business.

Air Emission

In Hong Kong and the Pearl River Delta, key air pollutants from human activity include: nitrogen oxides (“**NOx**”), sulphur oxides (“**SOx**”) and respiratory suspended particles (“**RSP**”, also known as Particulate Matter (“**PM**”). The primary sources of these atmospheric air pollutants include emissions from motor vehicles, marine vessels, power plants as well as local industrial and commercial processes. The Group operates private cars as part of its operations and the associated air emissions have been identified and evaluated. Air emissions are evaluated based on statistics associated with our fossil fuel consumption. The amount of air emissions produced by the Group during the reporting period included 6.2 kg of NOx, 0.11 kg of SOx, and 0.46 kg of particulate matter (6.1 kg, 0.14 kg and 0.45 kg respectively in 2024). The Group’s air emissions have remained similar to the previous reporting period.

Air emissions are calculated based on the quantity of fossil fuels consumed during the reporting period, using emission factors provided in Appendix 2: Reporting Guidance on Environmental KPIs in How to Prepare an ESG Report published by the Stock Exchange.

Other than emissions discussed above, the Group has not been involved in any other combustion process, industrial or heavy transportation activities that could lead to other direct air emissions to the atmosphere.

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Greenhouse Gas Emissions

The Group recognizes that greenhouse gas (“GHG”) emissions is an important metric for environmental performance, hence it is one of our long-term goals to reduce the amount of greenhouse gas emissions associated with our operations. The Group’s main source of greenhouse gas emissions originate from its electricity consumption.

The Group estimated its greenhouse gas emission for the reporting period in accordance with GHG Protocol, through the use of data associated with electricity and fossil fuel consumption. To convert energy consumption figures into equivalent greenhouse gas emissions, emission factors obtained from government publications, utility invoices, along with reputable third-party references (including electricity & gas consumption data and associated carbon intensity factors), were used in the calculation. In addition to the quantity of carbon dioxide (CO₂) emissions, our GHG calculations also include global warming contribution from methane (CH₄) and nitrous oxide (N₂O), whose impacts are expressed in equivalent quantities of carbon dioxide (CO₂e) to determine the aggregated global warming impacts from the Group’s operations.

The total Scope 1&2 greenhouse gas emissions associated with the Group’s operations during the reporting period was estimated to be 541 tCO₂e. The increase in Scope 1&2 emissions is primarily attributable to higher electricity consumption, driven by increased business activity during the reporting period.

In addition to Scope 1&2 emissions from fuel and electricity consumption, the Group has also collected indirect greenhouse gas emission data from Scope 3 emissions. This includes emissions associated with paper disposal, fresh water processing and business air travel. The Group intends to gradually enhance the coverage of Scope 3 emissions disclosure in the upcoming years and is in process of developing suitable methodologies.

There have been no material changes to the GHG quantification methodology for this reporting period compared to previous years.

During the reporting period, no violations were recorded with respect to relevant environmental laws and regulations.

WASTE MANAGEMENT

Hazardous Waste

The Group’s operation in Hong Kong includes a laboratory testing facility and a clinical product packaging line, where operation activities inevitably contribute to the generation of clinical waste. A Waste Management Policy was developed to provide guidance on the proper handling and management of generated clinical waste, and to ensure compliance with legal requirements of *Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)* and *Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong)*.

The Group places a strong emphasis on the proper handling of clinical wastes and has formed strict policies addressing its management. We have our Management of Clinical Waste policy in place to ensure the proper disposal of such clinical wastes.

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Furthermore, the Group had formed the Laboratory Safety Committee to ensure the laboratories were being operated in accords to safety procedures. It is also the duty of the committee to manage clinical waste that includes and is not limited to the following:

- Segregate clinical waste from other waste streams and prevent clinical waste from entering and contaminating the disposal chain of municipal solid waste
- Package and label clinical waste properly to enable easy identification, including information on the source of generation to ensure proper handling
- Provide safe and secure temporary storage area for clinical waste
- Collection of clinical waste by licensed clinical waste collectors for disposal
- Record keeping
- Staff safety training for handling of clinical waste

Leak-proof containers were utilised for the collection of laboratory waste to ensure they remain impermeable to moisture and prevented from tearing or rupture during transfer. Containers would only be filled below the warning lines, indicating 70% and 80% of their maximum volume, before sealing to avoid spillage. Containers awaiting disposal are stored in well-ventilated areas within the premise dedicated to the storage of clinical waste.

In regards to clinical waste disposal, the Group had hired clinical waste contractors to collect and dispose of clinical waste safely and legally. Upon review, the Group is not aware of any non-compliant activities in respect to our hazardous waste and its handling procedures.

The Group recognises its achievements for the past consecutive years and seeks to maintain this positive track record on hazardous waste handling.

Non-Hazardous Waste

For non-hazardous waste, the Group kept a close working relationship with employees to promote waste reduction. Measures such as paper recycling, and the appropriate use of recycled paper were encouraged in workplaces. In addition, the Group took the initiative further by driving towards a paper-less working environment. Staff were encouraged to work and communicate through emails and e-format documents instead of paper copies. During the reporting period, the total paper consumption across the Group was about 9.73 tonnes.

Waste	Annual Production	
	2025	2024
Hazardous Waste	4.55 tonnes	3.78 tonnes
Non-Hazardous Waste	503.0 tonnes	224.0 tonnes
Wastewater	3,730 m³	3,048 m ³

The Group's non-hazardous waste generation increased during the reporting period due to construction waste generated from the Group's ongoing construction projects.

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During this reporting period, hazardous and non-hazardous waste disposal processes were handled by authorized waste-handling parties, and were performed in compliance with regulatory requirements.

During the reporting period, the Group utilized 0.18 tonnes of packaging materials.

Environmental Targets

To guide our employees to achieve reductions towards a cleaner and greener environment, the Group has set a set of 5-year environmental targets in 2021. The Board will review the progress made against the targets on an annual basis, in particular, across the core businesses in PRC and Hong Kong.

	Energy Consumption	3% Reduction in 5 years
	GHG Reduction	3% Reduction in 5 years
	Air Emission	1% Reduction in 5 years
	Waste Generated	3% Reduction in 5 years
	Office Paper Consumption	3% Reduction in 5 years

As the Group's operational footprint evolves, we recognize the need to ensure our environmental targets remain relevant, ambitious, and reflective of our current scale. Consequently, the Group will reset its environmental targets in 2026. This rebaselining is driven by ongoing changes to the Company's portfolio and the commencement of trial operations of the Group's new hospital in Hainan Province in Q1 2026.

This strategic adjustment will facilitate consistent, comparable performance tracking and reinforce the Group's commitment to transparent and accurate ESG reporting. The updated targets will better align with our expanded operational capabilities and future sustainability goals.

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Summary

The consolidated data with respect to key performance indicators (KPIs) regarding emissions and resource consumption associated with the Group during the reporting period is summarized below:

Environmental KPIs			
Category	Unit	2025	2024
Energy Consumption			
Total Energy Consumption	GJ	4,077	2,903
Petrol Consumption	GJ (L)	270 (7,805)	320 (9,247)
Diesel Consumption	GJ (L)	0	15 (400)
Electricity Consumption	GJ (kWh)	3,807 (1,057,471)	2,568 (713,319)
Towngas Consumption	GJ	0	0
Total Consumption Intensity	GJ/1000 HKD revenue	0.055	0.041
Greenhouse Gas Emissions			
Total Greenhouse Gas (GHG) Emissions	t CO ₂ e	541	394
Scope 1 – Direct Emissions	t CO ₂ e	21.1	26.1
Carbon Dioxide (CO ₂) Emissions	t	18.4	22.9
Methane (CH ₄) Emissions	kg	2.0	2.3
Nitrous Oxide (N ₂ O) Emissions	kg	8.6	10.2
Scope 2 – Energy Indirect Emissions (Note)	t CO ₂ e	503	339
Scope 3 – Other Indirect Emissions	t CO ₂ e	16.2	28.8
Fresh Water Processing	t CO ₂ e	3.2	4.7
Paper Waste Disposed at Landfills	t CO ₂ e	3.4	2.6
Employee Business Travel	t CO ₂ e	9.6	21.6
Total Greenhouse Gas (GHG) Emissions Intensity	t CO ₂ e/1000 HKD revenue	0.00736	0.00559
Air Emissions			
Nitrogen Oxides (NOx) Emissions	kg	6.2	6.1
Sulphur Oxides (SOx) Emissions	kg	0.11	0.14
Particulate Matter Emissions	kg	0.46	0.45
Waste Management			
Total Hazardous Waste Produced	t	4.55	3.78
Total Non-Hazardous Waste Produced	t	503.0	224.0
Total Hazardous Waste Intensity	t/1000 HKD revenue	0.00006	0.00005
Total Non-Hazardous Waste Intensity	t/1000 HKD revenue	0.00684	0.00318
Total Wastewater Generation	m ³	2,710	3,048
Use of Resources			
Total Water Consumption	m ³	3,730	5,112
Total Water Consumption Intensity	m ³ /1000 HKD revenue	0.051	0.072
Packaging Materials			
Plastics	t	0	0
Paper boxes	t	0.18	0.18
Total	t	0.18	0.18

Note: Scope 2 emissions are calculated using the location-based method, reflecting the average emissions intensity of grids on which energy consumption occurs, in accordance with the GHG Protocol Corporate Standard.



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SOCIAL

The business of the Group spreads across several industrial sectors, involving a large number of great individuals working with us. Offering our staff with competitive compensation, while treating them with equality and fairness, and complying with laws and regulations have always been part of the Group's core principles. The Group will continue monitoring its performance to identify potential areas of improvement, and will continue to grow sustainably and in a socially-responsible manner.

Employment

As a socially-responsible company, the Group understands that the success of all companies depends largely on the quality of their **People**. The Group recognizes the contribution from its capable workforce and the success that they bring, and their works of excellence must be well-compensated. The Group offers competitive remuneration and benefits schemes to its staff to retain and attract best talents to align with our goal of maintaining long-term organizational growth.

Specific recruitment processes are adopted by the Group businesses to ensure the recruitment of staff members with appropriate qualifications and skills.

Remuneration Committee

The Remuneration Committee was set up to enable the Group to attract, retain, and motivate talented employees that are essential to the success of the Group. The principal duties of the Remuneration Committee include: (a) making recommendations on the **Remuneration Policy** and structure of the Group, and determining the remuneration packages of all Directors and senior management to the Board for the Board's final determination and (b) establishing transparent procedures for developing such **Remuneration Policy** and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Group's management regularly reviews remuneration packages of employees, implements targeted performance assessment and makes necessary adjustments according to the prevailing market and industry trends, inflation, and both corporate and employee performance in the previous year. Remuneration package is also related to both the position value and employee performance, which will be periodically assessed by targets and Key Performance Indicators that were assigned accordingly to their positions in order to attract, retain and promote talents.

Health and Safety

The Group considers the safety of our employee as one of our greatest concerns. Our **Safety Manual** is carefully developed to promote the awareness of operation safety, and to drive for the best practices in our premises. We strive to maintain a high level of occupational safety and health standard, and to provide a safe and comfortable working environment to our employees.

The Group strictly complies with *Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong)*, and no work-related injuries nor lost days were recorded during the reporting period.

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Hong Kong

The Group's Safety Policy has strict guidelines on laboratory conduct to ensure a safe working environment. Procedures were developed on classification of various types of hazardous materials into specific risk groups, along with proper management in the workspace (i.e. chemicals, reagent, equipment, etc.). Appropriate handling measures are assigned to each family of substances according to their risk levels, and details can be found as below:

1. Strict compliance with ISO 15189:2012 and the Safety Manual, which specifies the basic rules for safety practices in the laboratory.
2. A Laboratory Safety Committee has been established, supervising laboratory safety performance, identifying safety issues, providing relevant safety procedures and arranging trainings to employees.
3. Thorough safety check-up carried out for laboratory units and surrounding areas once every two years.
4. Provision of suitable protective equipment to employees when handling potential hazardous materials.

Shanghai

One of the Group's primary subsidiaries, Shanghai Longyao, which operates in compliance with our safety culture, has developed a set of comprehensive procedures for handling of biological wastes, as detailed below:

1. Biological wastes are segregated into respective categories prior to collection, including infectious wastes, pathological wastes, medical waste and chemical waste. Containers used for hazardous waste must be carefully examined for any potential damages or leakages prior to use, to minimize the occurrence of personnel exposure.
2. Wastes potentially containing high-risk agents such as bacterial cultures and toxic venoms should be adequately sterilized by autoclave or by chemical treatment at the production source prior to collection.
3. To reduce the risks of overfilling, containers for collecting medical wastes and sharps are only used up to 75% of their overall volume.
4. Temporary storages of medical waste are set to allow short-term placement of potentially hazardous substances prior to subsequent disposal by authorized agencies. Holding in temporary storages are limited to 2 days maximum, with the storage designed to protect against leakages, and from extreme temperatures/humidity to ensure chemical stability.

In 2025, the Group had no material non-compliance with relevant standards, laws, rules and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Health and Safety KPIs Types	For each of the years ended 31 December 2023, 2024 and 2025	
	Number	Rate%
Work-related fatalities	0	0
Lost days due to work injury	0	0

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Training and Developments

The Group views employees as one of its greatest assets. High-caliber talents equipped with professional training are vital to sustain our success. The Group encourages employees to adopt a continuously learning mindset, not only to ensure they perform well at their jobs, but also for their personal growth and career development.

The Group's management has developed specific Training Policy for employees, including:

- Ensure employees are adequately supported and equipped with necessary knowledge and skillset to meet the evolving demands of the Group, the industry, and its service users so that the Group achieves its strategic objectives;
- Facilitate employee development and personal development through providing them with opportunities to broaden, deepen and thereby further enhance their existing skill base; and
- Provide a working environment, where continuous learning and development take place to help staff achieve job satisfaction, increase motivation and enhance staff retention.

The Group formed collaborations with external education institutes to provide internal training courses on various subjects. Training courses are tailored specifically to the needs of our operations and business direction and are structured to enhance and develop required skill set for our staff.

During the reporting period, the Group provided various training opportunities for its employees covering key topics relevant to the Group's operations, including:

- Orientation and Onboarding
- Customer Management
- Anti-bribery Training
- Regulatory Compliance
- Upskilling and Reskilling

The Group's training statistics for 2025 is presented in the table below:

	By Gender		By Category		
	Male	Female	Senior Management	Middle Management Staff	Other Staff
% Employees Trained	23%	25%	15%	20%	29%
Average Training Hours	5.2	5.2	5.0	3.4	5.9

Newly-recruited employees of the Group are provided with orientation training to equip them with essential knowledge, which covers topics such as:

- company's structure and mission;
- employee's contribution toward business success and objectives; and
- company's guidelines, procedures, etc.

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Equal Opportunities, Diversity and Anti-Discrimination

Employees Composition/Equal Opportunities

The Group's Human Resource Policy and Procedures are designed and implemented in compliance with applicable laws and requirements. Each regional or local management team is responsible for maintaining its HR policies, covering areas such as compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, such as medical examination schemes, voluntary provident fund scheme and other allowances.

Being an equal employment opportunity employer, the Group recruits talent with suitable qualifications, experience, skills, potential, performance and knowledge to ensure their success at fulfilling the requirements for their role. The Group does not discriminate against person regardless of sex, marital status, family status, pregnancy, disability, age, sexual orientation, race and color, descent, ethnic, nationality and religion.

Staff should observe the requirements of *Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong)*, *Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong)*, *Family Status Discrimination Ordinance (Cap 527 of the Laws of Hong Kong)* and *Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong)* and their respective related Code of Practice. Staff who engages any act or conduct of discrimination, vilification, or sexual harassment will be subject to disciplinary proceedings.

Employees with workplace concern or queries would be referred to the Administration and Human Resources Department, and all cases will be thoroughly investigated and treated in the strictest confidentiality.

The Group stipulated the terms in the employment contract about the working hours, rest and leave entitlement, and protection against unfair or unreasonable dismissal. The Group also instituted an eight-hour working day and five-day working week system.

Labour Standards

The Group does not tolerate the involvement of forced and child labour in its operations, and strictly abides with laws and regulations relating to labour employment and contracts. The Group's employment policy clearly stipulates that applicants should be at least 18 years of age, and employment of child labour is strictly prohibited. Due diligence measures are taken during the recruitment process to verify the age of job applicants, and background checks will be conducted for every new employee for confirming the details concerning the identity of candidates. In case any child/forced labour is identified within the Group's operation, the employee will be removed from their working position to ensure their safety and wellbeing.

During the reporting period, the Group had no known material instances of non-compliance with relevant employment and labour practices laws and regulations.

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Employee Demographics

As for the end of this reporting period, the Group has 135 full-time employees and 14 part-time employees. During the reporting period, the overall turnover rate for full-time employees across the Group was 27%. A breakdown of our employee demographics is presented in the following tables.

Employment Type	No. of Staff for 2025 Year	Staff Turnover Rate (%)
Full Time	135	28%
Part-time	14	9%

Region	Gender	No. of Staff for 2025 Year	Staff Turnover Rate (%)
The PRC	Male	26	26%
	Female	14	77%
Hong Kong	Male	46	29%
	Female	63	18%

Gender	No. of Staff for 2025 Year	Staff Turnover Rate (%)
Male	72	28%
Female	77	25%

Age Group	No. of Staff for 2025 Year	Staff Turnover Rate (%)
Under 30	15	44%
31 to 50	72	31%
Over 50	62	16%

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Supplier Management

Hong Kong

The Group has strict policy on procurement process of supplies consumed in our operations. Quality Managers are assigned to be responsible for ensuring the quality of the products are up to the Group's requirement. Reagents and equipment will only be purchased from reliable, reputable vendors accredited with ISO certification, along with continuous demonstration of reliable in provision of safety services, cost-effective and responsive to our requests, etc.. Revision and re-evaluation of our list of suppliers are conducted annually to ensure that our evaluation of our approved suppliers remains up to date. Should any consumables or reagents is found to be defective or considered substandard, a request for replacement of the defective products will be made to the supplier, and such incidents may be recorded in our supplier evaluation system for subsequent consideration.

Shanghai

In line with the supplier management standards set by the Group, Shanghai Longyao adopts an assessment matrix to evaluate the suitability of its suppliers, covering the following aspects:

- Supplier Survey
- Product Quality Agreement
- Storage Conditions
- Product Quality Standards
- Analysis of product quality
- Certification (including licenses and registration documents)
- GMP certificate

Where required, on-site assessment/reassessment of suppliers will be performed to thoroughly evaluate the supplier. As part of this process, an on-site assessment team will be assembled, featuring specialists in various disciplines, including quality management, production, materials, packaging, manufacturing equipment and laboratory systems. To ensure consistent deployment of our quality standard across our supply chain, all of the Group's suppliers are subjected to the same requirements.

Risk Management in Supply Chain

The Group has implemented comprehensive supply chain policies to identify, assess, and manage environmental and social risks associated with our operations. These policies ensure we operate as a responsible business.

The core components of our supply chain management process include the following features:

- **Supplier Selection:** We conduct thorough due diligence on potential suppliers, to evaluate their environmental and social performance, and ensuring they adhere to the Group's sustainability standards and values.
- **Risk Assessment:** Regularly evaluating environmental and social risks in our supply chain, including factors such as waste management, carbon emissions, labor practices, and human rights, allows us to proactively address potential issues.
- **Performance Review:** We carry out routine review of our suppliers to ensure compliance with our supplier policies and standards, and to identify areas of improvements.
- **Continuous Improvement:** Our policies are regularly reviewed and updated to address the continuously evolving requirements and to incorporate best practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainable Procurement Policy

To demonstrate our commitment to achieve carbon reduction across our supply chain, we encourage the procurement of products with better environmental performance. Where feasible, we prioritize the selection products and services associated with lower environmental impact, such as higher energy efficiency, reduced waste generation and lower carbon emissions.

Our staff are also encouraged to maintain up-to-date knowledge on latest industry trends to help ensure procurement processes adequately consider the varying levels of environmental performances in the supply chain.

Supplier Distribution

The geographic distribution of the Group's suppliers is presented in the table below:

Region	Supplier Count
Hong Kong	64
China	58
Japan	1
USA	1
Korea	1

The vast majority of the Group's suppliers are from Asia, particularly Hong Kong and Chinese Mainland. The Group encourages the use of local/regional suppliers where feasible to help minimize environmental associated with long distance transportation.

Quality Assurance

Hong Kong

In 2020, the Group's medical laboratory and health check centres have obtained qualification issued by the College of American Pathologists. The Group strives to incorporate highest quality standards in its products. To achieve this, the performance of our operational items, such as our Quality Management System, Organisation and management are regularly assessed and refined.

Comprehensive internal audits are conducted regularly for close monitoring, and findings will be documented in a formal report format for record purpose. Furthermore, the results of the audit shall be reviewed by the Laboratory Supervisor, and subsequently reported to the senior management regularly for continuous improvement.

Shanghai

A "Procedure of Quality Risk Management" has been developed for the purpose of quality assurance and control of potential risk factors that may negatively impact product quality. A systematic risk assessment process is adopted to identify potential causes of product quality risk, estimate their occurrence likelihood and severity of such incidents. For each identified potential risk factor, existing safeguards are identified and evaluated to determine the acceptability of residual risks. Where required, risk mitigation measures will be proposed for consideration by management to further reduce the likelihood and severity of risk events.

Additionally, a number of common assessment tools for risk management have been employed, including Failure Modes, Effect and Criticality Analysis (FMECA), Fault Tree Analysis (FTA) and Hazard & Operability (HAZOP) Studies. Used in tandem, the assessments provide the management with opportunities to minimize quality risk and develop strategies for continuous improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer complaints are reviewed and investigated so that the quality of the Group's services and products are kept at optimum levels. In case any of the Group's products/services is identified to be below quality requirements established with the Group, suitable measures including recalls will be carried out by the Group to limit any potential impact to the Group's reputation.

Product Responsibility KPIs	Quantity	Rate (%)
Total products sold or shipped subject to recalls for safety and health reasons	0	0
Number of products and service related complaints received	1	0

Data Protection

The Group has strictly complied with Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) in Hong Kong and all other relevant data protection principles within the industry.

At the laboratories, the Group's **Confidentiality Policy** ensures that the personal information of examinees is carefully handled and stored properly. Stored personal particulars are only accessible to authorized employees, and it shall not be released to any third-party companies unless a consent agreement is reached or upon the request from the doctor.

Furthermore, unless authorisation was granted by the examinee or the request of the examinee's doctor, patients' reports shall not be released to any external party, including the examinee's family members.

Intellectual Property Rights

Intellectual property rights are crucial for the Group's business operations. The Group makes use of trademark, copyright, and other laws relevant to intellectual property, such as confidentiality agreements with our business partners and suppliers for protection of intellectual property rights.

Prior to any disclosure of sensitive information to external parties, the Group's employees are required to obtain authorization from the Group to ensure compliance.

During the 2025 Year, the Group complied with relevant laws and regulations such as the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), and the Consumer Protection Law, by ensuring that there are no false and misleading messages in our advertisements and promotion activities. During the 2025 Year, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

Anti-Corruption

The Group is strictly complying with all legal requirements against corruption, and is fully committed to restricting all forms of illegal activities, including corruption, without exception. Staff are requested to understand and work with us to safeguard the Group throughout their daily operation, to prohibit and prevent money laundering activities. Policies have also been developed by the Group's businesses to provide guidance on measures to be adopted by employees against bribery and corruption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To maintain transparency and promote integrity and accountability, the Group established whistleblowing channels for reporting potential inappropriate conducts and any other suspicious irregular activities which are identified to be against relevant internal policies and guidelines. This includes, but not limited to, malpractices in the workplace and financial crimes, through official channels. Where required, reports are escalated to the head of the department or Administration & Human Resources Department for evaluation and thorough investigation of the report. Subsequently, the report will be passed to the Audit Committee to make recommendations to the Board of Directors where applicable depending on severity. Upon discovery of potential criminal offense activities, the Group will seek legal advice with necessary discipline actions carried out if any misconducts are identified. Striving to ensure the effectiveness of the whistle-blowing procedures and protect the whistle-blowers from any form of retaliation or repercussions, the Whistleblowing Policy contains confidentiality provisions.

In order to strengthen our employees' understanding on the topic of anti-corruption, regular internal trainings are organized, featuring case studies and recommended measures to prevent situations which may be associated with non-compliance activities. A working guideline on **Anti-Corruption Measures** has been prepared by the Group, and made available for full access to all of its employees.

During 2025, the Group was unaware of any action that non-compliance with laws and regulations relating to corruption, bribery, extortion, fraud and money laundering. This includes, but not limited to the Prevention of Bribery Ordinance (Cap.201). Also, the Group was not involved in any legal cases regarding corruption during the reporting period.

Anti-corruption KPIs	Quantity	Rate (%)
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	0	0

Community *Community Investment*

The Group is committed to supporting the public by means of social participation and contribution in order to better understand the needs of the communities in which the Company operates in and to take into consideration its activities on the communities' interests. The Group encourages employees' active participation in serving the local community, and we take the lead in making donations to various charity organisations.

During 2025, the Group did not make direct financial or in-kind volunteering contributions. However, the Group remains deeply committed to being an integral part of the communities in which it operates and continues to prioritize creating positive social impact through supporting youth development.

In line with this commitment, the Group advanced its community engagement efforts through an internship program designed to foster skill development and bridge the gap between academic learning and industry practice. In 2025, the program received student participation from the Hong Kong Polytechnic University.

Looking ahead, the Group will continue to explore new partnerships and initiatives that align with its core values and address the evolving needs of local communities, with a focus on tangible social outcomes in future fiscal years.

The Group will continue its efforts in community services, encourage employees' participation in volunteering activities, and dedicate resources for further contributions in the future.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PLACE OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS

The Company was incorporated and registered as an exempted company in Cayman Islands under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003 and duly continued in Bermuda as an exempted company under the laws of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The head office and the principal place of business of the Company in Hong Kong is Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks, including some which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group, are identified, reported, monitored, and managed on a continuous basis.

The Group has identified the following key risks that are considered to be significant to the Group, which may adversely and/or materially affect the Group's businesses, financial conditions, results of operations and growth prospects. Key risks relating to the Group's businesses and to the industries in which the Group operates are including but not limited to:

(a) Competition

The industries that the Group operate are highly competitive. Areas of competition include production costs, price competition, marketing campaign, customer services and distribution network. If the Group does not respond timely to cope with the market conditions, it would affect the consumer demand for the Group's products and services, the reputation of the Group and the Group's financial performance.

The Group has been consistently monitoring its competitors, markets and industries and will adjust its business strategy to adopt changes in business environment.

(b) Financial Risk

The Group is exposed to financial risks, including foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and a sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions.

(c) Technology

The Group is dependent on information technology systems and networks, including the internet and third-party hosted services for the Group's operation, including laboratory management, sales and distribution, ordering and purchases, inventory management and financial reporting. Any material disruption or slowdown of information technology systems, including a disruption or slowdown caused by failure to successfully upgrade the Group's systems, system failures, viruses or cyber-attacks could cause a loss of data or operation interruption. Therefore, the Group will continually monitor and implement, if necessary, relevant information technology systems and networks so as to keep up with the pace of technological progression. The Group has adequate back-up procedures and recovery strategies in place in order to reduce the level of severity of the breakdown of information technology systems.



DIRECTORS' REPORT

(d) Macro-economic environment

The downturn of macro-economy has negative impact on the business environment. Health related and pharmaceutical products and services may not be considered as necessity for customers which may result in reduced demand and order for the Group's products from the customers or distributors.

The Group will closely monitor any such changes of economic environment and adjust the product diversification plan and marketing strategies as well as overall business plan under different market conditions.

(e) Employees

The Group's success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, sales, marketing, administrative, operating, and technical personnel. The loss of key personnel could materially and adversely affect the Group's prospects and operations. The Group considered that staff turnover is not avoidable. The Group has adopted the successive plans of key management staff in order to tackle the potential loss of human knowledge and maintaining business continuity.

(f) Regulatory and operational compliance

The Group operates in markets and industries which require compliance with numerous regulations, including but not limited to, (i) the Competition Ordinance (Chapter 619 of the laws of Hong Kong); (ii) Employment Ordinance (Chapter 57 of the laws of Hong Kong) in Hong Kong; (iii) Trade Descriptions Ordinance (Chapter 362 of the laws of Hong Kong) in Hong Kong; (iv) Food Safety Ordinance (Chapter 612 of the laws of Hong Kong); (v) Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the GEM Listing Rules also apply to the Group.

The failure to be responsive to changes to such regulations may adversely affect the Group's reputation, operations and financial performance. In order to mitigate the risk of non-compliance of the aforesaid regulations, the Group seeks to ensure compliance with these requirements through various measures such as implementing internal controls and approval procedures, conducting staff trainings and obtaining legal advices.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Genius Lead Limited ("**Genius Lead**"), a company incorporated in Samoa with limited liability and Genius Earn Limited ("**Genius Earn**"), a company incorporated in the British Virgin Islands with limited liability, respectively.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the PRC; (iii) provision of boron neutron capture therapy services in the PRC; (iv) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (v) provision of insurance brokerage services in Hong Kong.

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 83 to 84. The state of affairs of the Group and the Company at that date are set out in the consolidated statement of financial position on page 85 to 86 and note 29(a) to the consolidated financial statements of this report respectively.

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: nil).

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 December 2025 is set out in note 10 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group did not make charitable donations (2024: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the percentages of turnover and purchases attributable to the Group's major customers and suppliers are set out below:

Turnover

The largest customer	15.30%
Five largest customers in aggregate	40.14%

Purchases

The largest supplier	81.93%
Five largest suppliers in aggregate	92.43%

For the year ended 31 December 2025, the percentage of the Group's revenue from the Group's largest customer was approximately 15.30% (2024: 19.72%), while the percentage of the Group's aggregate revenue from the five largest customers was approximately 40.14% (2024: 39.83%).

For the year ended 31 December 2025, the percentage of the Group's purchases from the largest supplier was approximately 81.93% (2024: 23.17%), while the percentage of the Group's purchases from the five largest suppliers accounted for approximately 92.43% (2024: 62.87%).

As far as the Directors are aware, neither the Directors nor their respective close associates (as defined in the GEM Listing Rules) nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers or suppliers of the Group.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 28 to the consolidated financial statements.



DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company during the year ended 31 December 2025 or subsisting at 31 December 2025 are set out below:

(a) Share option scheme

The Company adopted a share option scheme on 6 June 2024 for the purpose of enabling the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

During the year ended 31 December 2025, no share options was granted.

The details of the share option scheme of the Company are set out in the section headed "Equity-settled Share Option Scheme" in this report and note 38(a) to the consolidated financial statements.

(b) Share award scheme

The Company adopted a share award scheme on 18 August 2021 for the purpose of enabling the Group to award shares to selected participants as incentives or rewards for their contribution to the Group.

During the year ended 31 December 2025, no shares were purchased by the trustee. No shares were awarded by the Company under the share award scheme.

The details of the share award scheme of the Company are set out in the section headed "Share Award Scheme" in this report and note 38(b) to the consolidated financial statements.

(c) 2026 Convertible Bonds

During the year ended 31 December 2025, the Company entered into the subscription agreement for the 2026 Convertible Bonds, which were subsequently issued in February 2026. Please also refer to the sub-section headed "Issue of convertible bonds under specific mandate" under the section headed "BUSINESS REVIEW" in the "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

The Board has considered it beneficial to strengthen the capital base of the Group through the subscription of the 2026 Convertible Bonds in preparation for the Group's long-term development and further strengthening of financial position of the Group. The issue of the 2026 Convertible Bonds will provide an opportunity for the Company, if the conversion rights attached to the 2026 Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its shareholders base by the introduction of new investor.

Based on the initial conversion price of HK\$0.66 per conversion share, a maximum of 412,575,757 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full. The initial conversion price of HK\$0.66 represents a discount of approximately 16.46% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 29 December 2025, being the date of the subscription agreement for the 2026 Convertible Bonds.

As at the date of this report, the entire principal amount of the 2026 Convertible Bonds remains outstanding.

The gross proceeds from the issue of the 2026 Convertible Bonds were USD35,000,000 and the net proceeds from the issue of the convertible bonds were approximately USD33,900,000 (after deducting the related expenses and professional fees). As the issue of the 2026 Convertible Bonds was completed after the reporting period, no proceeds had been received and used as at 31 December 2025.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 87 and in note 29(b) to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

For the year ended 31 December 2025, the Company's reserves available for distribution to shareholders of the Company are set out in note 29(b) to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 19 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive right under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

EVENTS AFTER THE REPORTING PERIOD

Details of the Group's events after the reporting period are set out in note 44 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on pages 167 to 168 of this report. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

The business review, including (i) review of the business of the Group during the year ended 31 December 2025; (ii) particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2025; (iii) key financial and business performance indicators; (iv) discussion on the Group's likely future business development; and (v) principal risks and uncertainties faced by the Group are set out in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 6 to 15 of this report. These discussions form part of this report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Group recognises the importance of good environmental stewardship. The Group implemented green policies to raise energy efficiency and minimise energy consumption. For details, please refer to the section headed "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 35 to 55 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with applicable laws and regulations and the risk of non-compliance with such requirements. The Group has implemented system and allocated staff resources to ensure ongoing compliance with applicable laws, rules and regulations. The Company and its subsidiaries operating in Hong Kong and the PRC are subject to requirements under various laws and regulations. For subsidiaries operating in Hong Kong, applicable laws and regulations include, among others, Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Competition Ordinance (Cap. 619 of the Laws of Hong Kong), Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, GEM Listing Rules apply to the Company. For subsidiaries operating in the PRC, applicable laws and regulations include, among others, Administrative Measures on Foreign Investments in Commercial Sector (外商投資商業領域管理辦法), Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法), Law on Wholly Foreign Owned Enterprises of the PRC (中華人民共和國外資企業法) and Administrative Regulations on Company Registration of the PRC (中華人民共和國公司登記管理條例). During the year ended 31 December 2025 and up to the date of this report, save as disclosed in this report, the Group has complied with the relevant laws and regulations that have significant impact on the Group in Hong Kong and the PRC.



DIRECTORS' REPORT

RELATIONSHIP WITH KEY STAKEHOLDERS

The Company is committed to operating in a sustainable manner while balancing the interests of various stakeholders including the Group's employees, customers, suppliers and the community.

Employees

The Group recognises the value and importance of its employees and the Group has been devoting resources in staff training and review of their development.

Providing a work environment that is free from all forms of discrimination, the Group has devised an integrated human capital strategy to recruit, develop and motivate employees, making sure that employees are provided with competitive remuneration package, appropriate training and development opportunities and their performance goals are aligned with the Group's business objectives.

In 2025, there were no known reports of any incidence of discrimination by the employees. Management and staff at all levels are responsible to ensure all employees are working in compliance with the statutory requirements, arrange adequate resources to fulfil the safety requirements and carry out training and supervision.

Customers

The Group is committed to provide safe and high-quality products and services to its customers. A customer complaint handling mechanism is in place to receive, analyse and handle complaints and make recommendations on remedies with the aim of improving quality of the Group's services and products and maintaining established relationship with customers.

Suppliers

The Group has developed long-standing relationships with a number of suppliers. The Group selects the suppliers in a prudent manner and requires them to satisfy certain assessment criteria including track records, financial strength, reputation and ability to deliver the products on time and quality standards.

For approved suppliers, evaluations are carried out annually regarding their performance, and records are maintained. In case of any inferior or substandard raw materials received, suppliers are informed and requests regarding replacements are raised immediately.

Community

The Company will continue to contribute to the harmonious society through social contributions and participations in public service activities. For details, please refer to the section headed "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 35 to 55 of this annual report.

DIRECTORS' REPORT

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this report were:

Executive Directors

Mr. Liu Xiaolin (*Chairman*)

Mr. He Xun

Dr. Huang Song

Dr. Yin Ye (*appointed on 25 July 2025*)

Independent Non-executive Directors

Mr. Yan Guoxiang

Dr. Guo Yuantao

Mr. Qian Hongji (*resigned on 25 July 2025*)

Dr. Zhang Xiao (*appointed on 25 July 2025*)

The reason of the resignation of Director is set out on page 20 of this report.

Pursuant to bye-law 83(2) of the bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Dr. Yin Ye and Dr. Zhang Xiao will hold office until the forthcoming AGM and being eligible, will offer themselves for re-election at the forthcoming AGM.

In addition, pursuant to bye-law 84(1) of the bye-laws of the Company, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The retiring Directors shall be eligible for re-election. Dr. Huang Song and Dr. Guo Yuantao will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 16 to 18 of this report.

DIRECTORS' SERVICE CONTRACTS

All of the Directors are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's bye-laws and the GEM Listing Rules.

All Directors have entered into service contracts with the Company for a term of one year except for Dr. Yin Ye, who has entered into a letter of appointment with the Company for a term of three years.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than the related party transactions disclosed in note 43 to the consolidated financial statements, no Director and no entity connected with a Director had any material interest, either directly or indirectly, in any transactions, arrangements and contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during the year ended 31 December 2025 or at 31 December 2025.

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

Other than the loans obtained from a controlling shareholder as referred to in the section headed "Liquidity and Financial Resources" of the "Management Discussion and Analysis" of this report, no contract of significance, whether for provision of services or otherwise, between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries subsisted at any time during the year ended 31 December 2025.

LOANS AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER

Pursuant to the terms and conditions of the 2024 Convertible Bonds, it is an event of default if (i) Genius Lead Limited ceases to hold 40% or more equity interest directly or indirectly in the Company (unless otherwise agreed by the subscriber in writing), or (ii) Mr. Liu ceases to be a Director and the chairman of the Board, or (iii) Mr. Liu ceases to hold 40% or more beneficial interest directly or indirectly in the Company (unless otherwise agreed by the subscriber in writing). The individual guarantee executed by Mr. Liu to secure the 2024 Convertible Bonds also includes warranties and undertakings by Mr. Liu that he shall at all times be a Director and the chairman of the Board and, unless otherwise agreed in writing by the subscriber, shall hold not less than 40% beneficial interest directly or indirectly in the Company. The 2024 Convertible Bonds are repayable on 27 December 2026.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The 2026 Convertible Bonds are secured by, among others, a share charge over 410,000,000 shares of the Company held by Genius Lead Limited. As at the date of this report, the entire principal amount of the 2026 Convertible Bonds remains outstanding. The 2026 Convertible Bonds are repayable on 20 February 2030.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2025.

COMPETING INTERESTS

None of the Directors, the controlling shareholder of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business, apart from the business of the Group, which competes or may compete, either directly or indirectly, with the business of the Group during the year ended 31 December 2025.

EMOLUMENT POLICY

The emolument policy of the Directors and senior management of the Group is set up by the remuneration committee of the Board on the basis of their merits, qualifications and competences. The emoluments of the Directors are decided by the Board on the recommendation of the remuneration committee of the Board, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme and a share award scheme as an incentive to Directors and eligible participants. Details of the scheme are set out in note 38 to the consolidated financial statements.

DIRECTORS' REPORT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company for the year ended 31 December 2025 by bands is as follows:

Emoluments bands	Number of individuals
HK\$500,001 to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	0
HK\$2,000,001 to HK\$2,500,000	0

Further particulars in relation to the five highest paid individuals and Directors' remuneration are set out in notes 14 and 15 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in shares of the Company

Name of Director	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Mr. Liu Xiaolin ("Mr. Liu")	Interest of a controlled corporation	529,500,546 (Note b)	54.27%
	Beneficial owner	1,092,000	0.11%
		530,592,546	54.38%

Notes:

- (a) As at 31 December 2025, the total number of the issued shares of the Company was 975,731,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.

DIRECTORS' REPORT

(ii) Long position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	No. of shares held in associated corporation	Approximate percentage
Mr. Liu	Genius Earn	Beneficial owner	1	100%
	Genius Lead	Interest of a controlled corporation	1	100%

Save as disclosed above, as at 31 December 2025, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

NOTIFIABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares

Name of Shareholder	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Genius Earn (Note b)	Interest of a controlled corporation	529,500,546	54.27%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.27%
Richlane Ventures Limited (Note c)	Beneficial owner	58,000,000	5.94%
Ko Chun Shun Johnson ("Mr. Ko") (Note c)	Interest of controlled corporations	95,545,000	9.79%

Notes:

- As at 31 December 2025, the total number of the issued shares of the Company was 975,731,150 ordinary shares of HK\$0.10 each of the Company.
- Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.
- Richlane Ventures Limited is wholly-owned by Mr. Ko. As such, Mr. Ko is deemed to be interested in the 58,000,000 shares of the Company held by Richlane Ventures Limited. The remaining 37,545,000 shares of the Company in which Mr. Ko is deemed to be interested are held by other companies controlled by Mr. Ko.

Save as disclosed above, as at 31 December 2025, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

SHARE OPTION SCHEME

2024 Share Option Scheme

(1) Purpose and Participants

Pursuant to an ordinary resolution passed by the shareholders of the Company on 6 June 2024, the Company adopted a new share option scheme (the “**2024 Share Option Scheme**”) for the purpose of providing incentives to eligible participants (including employee participants, related entity participants and service providers as defined under Rule 23.03A(1) of the GEM Listing Rules) in order to promote the development and success of the business of the Group. The principal terms of the 2024 Share Option Scheme were set out below.

During the year ended 31 December 2025 and up to the date of this report, no share options were granted under the 2024 Share Option Scheme.

(2) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all options which may be granted at any time under the 2024 Share Option Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed 96,323,115 Shares, being 10% of the Shares in issue (excluding treasury shares) as at the adoption date of the 2024 Share Option Scheme (the “**Scheme Mandate Limit**”).

Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options which may be granted at any time under the 2024 Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to service providers shall not exceed 9,632,311 Shares, being 1% of the Shares in issue (excluding treasury shares) as at the adoption date of the 2024 Share Option Scheme (the “**Service Provider Sublimit**”).

No share options have been granted under the 2024 Share Option Scheme. Accordingly, as at 1 January 2025 and 31 December 2025, share options to subscribe for up to 96,323,115 Shares (representing approximately 9.87% of the issued Shares as at the date of this report) were available for issue under the Scheme Mandate Limit, and share options to subscribe for up to 9,632,311 Shares were available for issue under the Service Provider Sublimit.



DIRECTORS' REPORT

(3) Maximum Entitlement of Participants

The total number of shares of the Company issued and to be issued in respect of all options and awards granted to all eligible participants under the 2024 Share Option Scheme and any other schemes of the Company in any 12-month period shall not exceed 1% of the Shares in issue, unless separately approved by the Shareholders in a general meeting.

(4) Exercise and Vesting Period

The period within which the share options may be exercised by the grantee in respect of the share options granted under the 2024 Share Option Scheme and the vesting period of such share options, subject to all applicable laws and the GEM Listing Rules, will be set out in the offer letter issued by the Company to the eligible participants. The exercise period shall not go beyond the day immediately prior to the 10th anniversary of the offer date. Save in certain prescribed circumstances in which the Board may in its discretion accelerate the vesting dates, an option must be held for a minimum of 12 months before it can be exercised.

(5) Acceptance

The offer letter may be accepted by an eligible participant within such time as may be specified in the offer letter (which shall not be later than 21 days from the offer date) and the share option in respect of the number of shares of the Company in respect of which the offer was so accepted will be deemed to have been granted on the offer date. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

(6) Basis of Determining the Exercise Price

The exercise price for shares of the Company on the exercise of share options under the 2024 Share Option Scheme as determined by the Board, subject to any adjustments made pursuant to the applicable laws and the GEM Listing Rules, shall be no less than the highest of: (i) the closing price of the shares of the Company as stated on the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the shares of the Company as stated on the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

(7) Remaining Life of the Scheme

The 2024 Share Option Scheme of the Company, which was adopted on 6 June 2024, shall remain in force for a period of 10 years commencing on the date of its adoption. The remaining life of the 2024 Share Option Scheme will expire on 5 June 2034.

DIRECTORS' REPORT

SHARE AWARD SCHEME

(1) Purpose of the Share Award Scheme and Participants

The Company operates the Share Award Scheme for the purpose of providing incentives and rewards to eligible participants (including employees, officers, directors and consultants of the Group) who contribute to the success the Group's operation. The principal terms of the Share Award Scheme are set out below and in note 38(b) to the consolidated financial statements.

During the year ended 31 December 2025, the trustee of the Share Award Scheme did not subscribe for any new shares of the Company, receive any existing shares of the Company from any shareholder of the Company or purchase any shares of the Company on the market and no shares of the Company were awarded by the Company under the Share Award Scheme.

As at 31 December 2025, 7,038,000 shares of the Company were held by the trustee.

(2) Total Number of Shares Available for Issue

Under the Share Award Scheme, the Company shall not make any further grant of award which will result in the number of shares of the Company granted under the Share Award Scheme exceeding 96,323,115 Shares, being 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme on 18 August 2021.

Since the adoption of the Share Award Scheme and up to 31 December 2025, 582,000 shares were awarded under the Share Award Scheme. No shares were awarded during the year ended 31 December 2025. Accordingly, at the beginning and the end of the year ended 31 December 2025, 95,741,115 shares (representing approximately 9.81% of the issued Shares as at the date of this report) were available for grant under the Share Award Scheme.

(3) Maximum Entitlement of Participants

The maximum entitlement of each participant under the Share Award Scheme shall not exceed 1% of the total number of issued shares of the Company as at 18 August 2021, the adoption date of the Share Award Scheme.

(4) Vesting and Conditions

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws and the GEM Listing Rules, determine such vesting criteria and conditions or periods for the awards to be vested. All of such vesting criteria and conditions (if any) and periods (including the vesting date) shall be set out in the relevant award letter issued to each selected participant.

(5) Basis of Determining the Purchase Price

The Board may at any time during the term of the Share Award Scheme direct and procure the trustee to subscribe for new shares of the Company or to receive existing shares of the Company from any shareholder of the Company or purchase existing shares of the Company (either on-market or off-market) at such range of purchase price as the Board may direct or authorise, subject to compliance with the applicable laws and the GEM Listing Rules.

(6) Remaining life of the Scheme

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The remaining life of the Share Award Scheme will expire on 17 August 2031.



DIRECTORS' REPORT

OTHER INFORMATION ABOUT SHARE SCHEMES

Under the 2024 Share Option Scheme and Share Award Scheme, save as disclosed in this report, there are no:

- (i) participants with options and awards granted that is in excess of the 1% individual limit;
- (ii) options and awards granted and to be granted to any related entity participant or service provider in any 12-month period exceeding 0.1% of the relevant class of shares in issue; and
- (iii) options or awards that are granted to other employee participants, related entity participants and service providers, that are required to be disclosed pursuant to Rule 23.07 of the GEM Listing Rule.

Saved for the 2024 Share Option Scheme and the Share Award Scheme, neither the Company nor its subsidiaries had any other Share Option Scheme or Share Award Scheme during the year ended 31 December 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Saved for the 2024 Share Option Scheme and the Share Award Scheme, during the year ended 31 December 2025 and at the end of the year, the Company, its holding company, or any of its subsidiaries or fellow subsidiaries had not been and was not a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any other material acquisition or disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2025.

RELATED PARTY AND CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated 5 August 2024, on that date, (i) Pengbo (Hainan) adopted a share award scheme. Mr. Li Haifeng, the general partner of Jiabao Zhongzhi and Ms. Zhao Dan, one of the limited partners of Jiabao Zhongzhi, have entered into a trust deed with Pengbo (Hainan) to act as the trustee of the share award scheme; and (ii) Jiabao Zhongzhi as subscriber and Dynamic Healthcare entered into a subscription agreement in relation to the conditional subscription of 4,500 ordinary shares in Dynamic Healthcare at the consideration of RMB14,835,164. The adoption of share award scheme by and subscription of shares constituted connected transactions of the Company given that Mr. Li Haifeng, who is a director of a subsidiary of the Company, is a connected person of the Company at the subsidiary level. Pursuant to Rule 20.99 of the GEM Listing Rules, the transactions contemplated thereunder are subject to reporting and announcement but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As disclosed in the announcement of the Company dated 31 October 2025, the long stop date for the fulfillment of the conditions precedent was extended to 4 August 2026.

DIRECTORS' REPORT

The Company had not entered into any connected transaction during the year ended 31 December 2025 which is required to be disclosed under the GEM Listing Rules.

Related party transactions entered into by the Group during the year ended 31 December 2025 are disclosed in note 43 to the consolidated financial statements.

Other than the related party transactions disclosed in note 43 to the consolidated financial statements, no transactions, arrangements, contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the reporting period or at any time during the year ended 31 December 2025.

None of the related party transactions entered into during the year ended 31 December 2025 as disclosed in note 43 to the consolidated financial statements constituted a connected transaction or continuing connected transaction, except for (i) the remuneration of directors as referred to in note 43(b) to the consolidated financial statements (which were fully exempt connected transactions pursuant to Rule 20.93 of the GEM Listing Rules and (ii) the loans obtained from a controlling shareholder and the guarantees provided by the ultimate holding company and Mr. Liu as referred to in note 43 to the consolidated financial statements (which were fully exempt connected transactions pursuant to Rule 20.88 of the GEM Listing Rules)).

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" set out on pages 19 to 34 of this report.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes in operation for the year ended 31 December 2025 are set out in note 16 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in the shares of the Company.

It is emphasized that none of the Company or its directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares of the Company.



DIRECTORS' REPORT

INDEMNITY PROVISIONS

Bye-law 164(1) of the Company's Bye-laws provides that the Directors or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty provided that the indemnity shall not be extended to any matter in respect of any fraud or dishonesty which may be attached to the relevant Director or officer of the Company.

Directors liability insurance is in place for the directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors. The relevant provisions in the Company's bye-laws and the Directors' liability insurance were in force during the financial year ended 31 December 2025 and as of the date of this report for the benefit of one or more persons who were the Directors or then Directors of the Company or of the associated company of the Company.

SUBSEQUENT EVENTS

On 20 February 2026, 2026 Convertible Bonds were issued by the Company to Wealth Strategy Holding Limited (the "**Subscriber**") pursuant to the conditional subscription agreement dated 29 December 2025 entered into between the Company and the Subscriber. The maturity date of the 2026 Convertible Bonds is 20 February 2030. For details, please refer to the Company's circular and announcement dated 22 January 2026 and 20 February 2026 respectively.

As a result of completion of the issue of the 2026 Convertible Bonds on 20 February 2026 and in accordance with the terms and conditions of the convertible bonds in the aggregate principal amount of US\$6,000,000 issued by the Company in December 2024 (the "**2024 Convertible Bonds**"), the conversion price of the 2024 Convertible Bonds is adjusted from HK\$1.20 per Share to HK\$1.11 per Share and the maximum number of Shares to be issued by the Company upon conversion of the 2024 Convertible Bonds in full is 42,432,432 Shares, with effect from 20 February 2026, being the date of completion of the issue of the 2026 Convertible Bonds. Save for such adjustment, all other terms of the 2024 Convertible Bonds remain unchanged. For details, please refer to the Company's announcement dated 20 February 2026.

DIRECTORS' REPORT

IMPACT OF CONVERTIBLE BONDS

As at 31 December 2025, there were outstanding 2024 Convertible Bonds in the principal amount of US\$6,000,000. The table below sets forth the dilution impact of the 2024 Convertible Bonds on the shares of the Company in the event that the 2024 Convertible Bonds were fully converted as at 31 December 2025:

	As at 31 December 2025		Assuming full conversion of the 2024 Convertible Bonds as at 31 December 2025 (Note 1)	
	No. of Shares	Approximate%	No. of Shares	Approximate%
Holder of the 2024 Convertible Bonds (Guoyuan Securities Investment (Hong Kong) Limited)	–	–	39,250,000	3.87
Mr. Liu (Note 2)	1,092,000	0.11	1,092,000	0.11
Genius Lead Limited (Note 2)	529,500,546	54.27	529,500,546	52.17
Other public shareholders of the Company	445,138,604	45.62	445,138,604	43.85
Total	975,731,150	100.00	1,014,981,150	100.00

Notes:

- (1) Based on the initial conversion price of HK\$1.20 per share, the outstanding 2024 Convertible Bonds in the principal amount of US\$6,000,000 were convertible into a total of 39,250,000 shares as at 31 December 2025. As a result of completion of the issue of the 2026 Convertible Bonds after the reporting period (20 February 2026), and in accordance with the terms and conditions of the 2024 Convertible Bonds, the conversion price of the 2024 Convertible Bonds is adjusted from HK\$1.20 per share to HK\$1.11 per share and the maximum number of shares to be issued by the Company upon conversion of the 2024 Convertible Bonds in full is 42,432,432 shares, with effect from 20 February 2026, being the date of completion of the issue of the 2026 Convertible Bonds. For details, please refer to the Company's announcement dated 20 February 2026.
- (2) Genius Lead Limited was the registered and beneficial owner of 529,500,546 Shares and Genius Lead Limited was wholly-owned by Genius Earn Limited, which was in turn wholly-owned by Mr. Liu, an executive Director and chairman of the Board. Mr. Liu was the registered and beneficial owner of 1,092,000 shares and was deemed by virtue of the SFO to be interested in the 529,500,546 shares held by Genius Lead Limited.

For the dilutive impact on earnings/loss per share, please refer to note 18 to the consolidated financial statements.

AUDITOR

There was no change in auditor of the Company in the past three years. The consolidated financial statements have been audited by RSM Hong Kong, who will retire and be eligible to offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

China Biotech Services Holdings Limited

Liu Xiaolin

Chairman and Executive Director

Hong Kong, 27 March 2026

INDEPENDENT AUDITOR'S REPORT



RSM

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TO THE SHAREHOLDERS OF CHINA BIOTECH SERVICES HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of China Biotech Services Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 83 to 166, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of goodwill, intangible assets, right-of-use assets and property, plant and equipment (“**PPE**”) for the provision of tumor immune cell therapy and health management services segment
2. Impairment assessment of goodwill and intangible assets for the provision of insurance brokerage services segment
3. Assessment of the Group’s ability to continue as a going concern

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

1. *Impairment assessment of goodwill, intangible assets, right-of-use assets and PPE for the provision of tumor immune cell therapy and health management services segment*

Refer to notes 19, 20, 21 and 22 to the consolidated financial statements.

At 31 December 2025, the Group's provision of tumor immune cell therapy and health management services segment has goodwill, intangible assets, right-of-use assets and PPE of approximately HK\$101,346,000 (2024: HK\$96,403,000), HK\$27,027,000 (2024: HK\$33,620,000), HK\$1,401,000 (2024: HK\$1,665,000) and HK\$1,259,000 (2024: HK\$1,521,114) respectively. No impairment loss has been provided during the year. The goodwill and intangible assets arose from the acquisition of Shanghai Longyao Biotech Company Limited ("**Shanghai Longyao**") in 2019.

Goodwill and intangible assets with an infinite useful life are tested for impairment annually. PPE, right-of-use assets and intangible assets with finite useful life are tested for impairment when indicators of potential impairment are identified.

How our audit addressed the Key Audit Matter

Our procedures included:

- Understanding and evaluating the key controls over management's impairment assessment and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes, susceptibility to management bias of fraud;
- Evaluating the outcome of prior period impairment assessment to assess the effectiveness of management's estimation process;
- assessing management's identification of cash-generating units ("**CGUs**"), the amounts of goodwill, intangible assets, PPE and right-of-use assets allocated to each CGU and, with the assistance of our external valuation specialists, the impairment assessment methodology adopted by management with reference to the requirements of the prevailing accounting standards;
- evaluating the competence, capabilities and objectivity of the independent appraiser engaged by the Company to prepare discounted cash flow forecasts to help management assess the value-in-use of the relevant CGUs;
- obtaining the independent valuation report from the independent appraiser engaged by management and comparing key inputs in the calculations, which include revenue growth rates, gross profit ratios and working capital assumptions, with the financial budget approved by the directors, available relevant external data and our own views based on our experience and knowledge of the industry in which the Group operates;

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

1. *Impairment assessment of goodwill, intangible assets, right-of-use assets and PPE for the provision of tumor immune cell therapy and health management services segment (continued)*

For goodwill, intangible assets, PPE and right-of-use assets where indicators of impairment were identified, management assessed the recoverable amounts of the separately identifiable CGU to which the relevant assets were allocated based on value-in-use calculations using discounted cash flow forecasts. An independent appraiser was engaged by management to prepare the valuation report in order for management to assess the impairment.

The preparation of discounted cash flow forecasts involves the exercise of significant management's judgement, in particular in forecasting revenue growth rates and in determining long-term growth rates, inflation rates and the discount rates applied.

How our audit addressed the Key Audit Matter

- utilising our external valuation specialists to assist us in evaluating the assumptions and judgements adopted in the discounted cash flow forecasts relating to inflation, the growth rate beyond the forecast period and the discount rates applied to derive the recoverable amount of the CGUs. This evaluation included researching public information relating to inflation and independently recalculating the discount rates applied with reference to those of other comparable companies in the same industries;
- comparing the key assumptions adopted in cash flow forecasts prepared in the previous year with the current year's actual performance to assess the historical accuracy of management's forecasting process and considering whether any significant variances had been incorporated in the current year's cash flow forecasts; and
- considering the disclosure in the consolidated financial statements in respect of management's impairment assessments.

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

2. *Impairment assessment of goodwill and intangible assets for the provision of insurance brokerage services segment*

Refer to notes 21 and 22 to the consolidated financial statements.

At 31 December 2025, the Group's provision of insurance brokerage service segment has goodwill and intangible assets of approximately HK\$7,491,000 (2024: HK\$7,491,000) and HK\$1,324,000 (2024: HK\$1,324,000) respectively. No impairment loss has been provided during the year. The goodwill and intangible assets arose from the acquisition of Fortstone International (Hong Kong) Limited ("**Fortstone**") in 2019.

Goodwill and intangible assets with an infinite useful life are tested for impairment annually.

For goodwill and intangible assets where indicators of impairment were identified, management assessed the recoverable amounts of the separately identifiable CGU to which the relevant assets were allocated based on value-in-use calculations using discounted cash flow forecasts.

The preparation of discounted cash flow forecasts involves the exercise of significant management's judgement, in particular in forecasting revenue growth rates and in determining long-term growth rates, inflation rates and the discount rates applied.

How our audit addressed the Key Audit Matter

Our procedures included:

- Understanding and evaluating the key controls over management's impairment assessment and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes, susceptibility to management bias of fraud;
- Evaluating the outcome of prior period impairment assessment to assess the effectiveness of management's estimation process;
- Assessing management's identification of CGUs, the amounts of goodwill, intangible assets, PPE and right-of-use assets allocated to each CGU and, with the assistance of our internal valuation specialists, the impairment assessment methodology adopted by management with reference to the requirements of the prevailing accounting standards;
- Obtaining management's impairment assessment and assessing the appropriateness of the valuation methodology and key assumptions adopted by management to perform impairment assessment including the discount rates used by management;

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

2. *Impairment assessment of goodwill and intangible assets for the provision of insurance brokerage services segment (continued)*

How our audit addressed the Key Audit Matter

- Utilising our external valuation specialists to assist us in evaluating the assumptions and judgements adopted in the discounted cash flow forecasts relating to inflation, the growth rate beyond the forecast period and the discount rates applied to derive the recoverable amount of the CGUs. This evaluation included researching public information relating to inflation and independently recalculating the discount rates applied with reference to those of other comparable companies in the same industries;
- Comparing the key assumptions adopted in cash flow forecasts prepared in the previous year with the current year's actual performance to assess the historical accuracy of management's forecasting process and considering whether any significant variances had been incorporated in the current year's cash flow forecasts; and
- Considering the disclosure in the consolidated financial statements in respect of management's impairment assessments.

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

3. *Assessment of the Group's ability to continue as a going concern*

The Group incurred a loss of approximately HK\$80,841,000 for the year ended 31 December 2025 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$266,069,000. As at 31 December 2025, the Group had total borrowings and lease liabilities of approximately HK\$338,012,000 and approximately HK\$12,620,000 respectively, while the Group had bank and cash balances of approximately HK\$12,083,000.

The directors of the Company made their assessment of the Group's ability to continue as a going concern by preparing cash flow projections of the Group covering a period up to 30 June 2027 (the "**Forecast Period**") after taking the following matters into consideration:

- (i) As at the date of approval of the consolidated financial statements, the Group has obtained US\$35,000,000 (equivalent to HK\$272,440,000), being the proceeds from the issuance of convertible bonds to Wealth Strategy Holding Limited (the "**Subscriber**"). On 29 December 2025, the Company and the Subscriber entered into a subscription agreement in respect of subscription of US\$35,000,000 convertible bonds of the Company by the Subscriber. The convertible bonds are repayable in 4 years and the issuance of convertible bonds was completed on 20 February 2026.

How our audit addressed the Key Audit Matter

Our procedures included:

- Obtained the Group's cash flow forecast prepared by the directors of the Company for the Forecast Period and the related basis of preparation and assumptions;
- Assessing and challenging the key assumptions used by the directors in the cash flow forecast and evaluating whether there were any indicators of management bias by comparing the key assumptions to market and other externally available information;
- Comparing the prior year's cash flow forecast prepared in the prior year with the Group's current year performance to evaluate forecasting accuracy, and inquiring with the management as to the reasons for any significant variations identified;
- Obtaining financial information after the reporting period and, assessing for any post-year-end deterioration in performance or adverse events that could impact going concern assumptions;
- Performing sensitivity analyses of the key assumptions, adopted in the cash flow forecast prepared by the directors and assessing the impact on the conclusions of the going concern assessment; and
- Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT



Key Audit Matter

How our audit addressed the Key Audit Matter

3. *Assessment of the Group's ability to continue as a going concern (continued)*

- (ii) The Group will substantially improve its cash flow position by generating operating cash inflows in provision of boron neutron capture therapy ("**BNCT**") services segment from the provision of BNCT services for the Forecast Period after the commencement of trial operation of BNCT cancer treatment centre in the first quarter of 2026.

Based on the assessment, the directors concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

We identified the assessment of the Group's ability to continue as a going concern as a key audit matter because significant degree of management judgements is involved in making this assessment and in forecasting the future cash flows of the Group which are inherently uncertain.

INDEPENDENT AUDITOR'S REPORT



Other Information

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT



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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Leung Wan Yi Winnie (practising certificate number: P07926).

RSM Hong Kong

Certified Public Accountants

Hong Kong

27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Revenue	8	73,503	70,509
Cost of sales		(65,777)	(75,449)
Gross profit/(loss)		7,726	(4,940)
Other income and other gains, net	9	23,558	5,800
Reversal of/(allowance for) impairment loss on financial assets, net	6(b)	30	(684)
Selling and distribution expenses		(8,314)	(11,774)
Research and development cost		(17,201)	(33,309)
Administrative expenses		(58,129)	(98,141)
Loss from operations		(52,330)	(143,048)
Finance costs	11	(19,473)	(16,922)
Fair value loss on convertible bonds	31	(3,163)	(24,156)
Impairment loss on right-of-use assets		(6,731)	(2,584)
Impairment loss on property, plant and equipment	19	–	(52,713)
Impairment loss on intangible assets		–	(13,374)
Loss before tax		(81,697)	(252,797)
Income tax credit	12	856	943
Loss for the year	13	(80,841)	(251,854)
Loss for the year attributable to:			
Owners of the Company		(68,778)	(198,146)
Non-controlling interests		(12,063)	(53,708)
		(80,841)	(251,854)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Loss for the year		(80,841)	(251,854)
Other comprehensive loss after tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value change of financial assets at fair value through other comprehensive income ("FVOCI")	24	(12,569)	(10,308)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		8,039	(6,820)
Other comprehensive loss for the year, net of tax		(4,530)	(17,128)
Total comprehensive loss for the year		(85,371)	(268,982)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(73,532)	(214,971)
Non-controlling interests		(11,839)	(54,011)
		(85,371)	(268,982)
Loss per share for loss attributable to owners of the Company	<i>18</i>		
Basic and diluted (HK\$)		(7.0) cents	(20.5) cents

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	384,711	219,341
Right-of-use assets	20	17,233	15,996
Goodwill	21	108,837	103,894
Intangible assets	22	31,765	34,944
Financial assets at FVOCI	24	30,660	43,229
Deposit and prepayment	26	49,680	49,456
Total non-current assets		622,886	466,860
Current assets			
Inventories	25	36,939	3,971
Trade and other receivables, deposit and prepayment	26	30,641	25,416
Tax recoverable		26	80
Pledged bank deposits	27	–	14,715
Bank and cash balances	27	12,083	18,913
Total current assets		79,689	63,095
TOTAL ASSETS		702,575	529,955
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	97,573	97,573
Other reserves	30	93,837	167,369
		191,410	264,942
Non-controlling interests		(35,665)	(22,554)
Total equity		155,745	242,388

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Convertible bonds	31	–	41,635
Derivative financial liabilities	31	–	6,002
Lease liabilities	32	5,662	1,793
Written put option liability	33	49,275	40,480
Borrowings	36	142,081	–
Deferred tax liabilities	34	4,054	5,043
Total non-current liabilities		201,072	94,953
Current liabilities			
Trade and other payables and accruals	35	89,041	48,093
Convertible bonds	31	44,268	–
Derivative financial liabilities	31	9,165	–
Lease liabilities	32	6,958	5,711
Borrowings	36	195,931	138,693
Current tax liabilities		395	117
Total current liabilities		345,758	192,614
Total liabilities		546,830	287,567
TOTAL EQUITY AND LIABILITIES		702,575	529,955

Approved by the Board of Directors on 27 March 2026 and are signed on its behalf by:

Liu Xiaolin
Director

He Xun
Director

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Share-based payments reserve	Special reserve	Shares held under share award scheme	Other reserves	Financial assets at FVOCI reserve	Foreign currency translation reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 <i>(note 30b(ii))</i>	HK\$'000 <i>(note 30b(iii))</i>	HK\$'000	HK\$'000 <i>(Note 30b(iiii))</i>	HK\$'000 <i>(Note 30b(iv))</i>	HK\$'000 <i>(Note 30b(v))</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	96,323	490,692	6,502	212,948	(6,622)	6,488	(18,000)	(14,779)	(310,798)	462,754	27,972	490,726
Total comprehensive loss for the year	-	-	-	-	-	-	(10,308)	(6,517)	(198,146)	(214,971)	(54,011)	(268,982)
Transfer upon disposal	-	-	-	-	-	-	32,329	-	(32,329)	-	-	-
Share-based payments <i>(note 38(a))</i>	-	-	304	-	-	-	-	-	-	304	-	304
Lapse of share options <i>(note 38(a))</i>	-	-	(6,806)	-	-	-	-	-	6,806	-	-	-
Deemed disposal of shares of subsidiaries	-	-	-	-	-	12,115	-	-	-	12,115	3,975	16,090
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(490)	(490)
Shares issued under placing	1,250	3,750	-	-	-	-	-	-	-	5,000	-	5,000
Less: share issued expenses	-	(260)	-	-	-	-	-	-	-	(260)	-	(260)
Changes in equity for the year	1,250	3,490	(6,502)	-	-	12,115	22,021	(6,517)	(223,669)	(197,812)	(50,526)	(248,338)
At 31 December 2024	97,573	494,182	-	212,948	(6,622)	18,603	4,021	(21,296)	(534,467)	264,942	(22,554)	242,388
At 1 January 2025	97,573	494,182	-	212,948	(6,622)	18,603	4,021	(21,296)	(534,467)	264,942	(22,554)	242,388
Total comprehensive loss for the year	-	-	-	-	-	-	(12,569)	7,815	(68,778)	(73,532)	(11,839)	(85,371)
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,272)	(1,272)
Changes in equity for the year	-	-	-	-	-	-	(12,569)	7,815	(68,778)	(73,532)	(13,111)	(86,643)
At 31 December 2025	97,573	494,182	-	212,948	(6,622)	18,603	(8,548)	(13,481)	(603,245)	191,410	(35,665)	155,745

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(81,697)	(252,797)
Adjustments for:			
Finance costs	11	19,473	16,922
Interest income	9	(8)	(464)
Depreciation of property, plant and equipment	19	2,293	6,128
Depreciation of right-of-use assets	20	6,027	7,208
Fair value loss on convertible bonds	31	3,163	24,156
Amortisation of intangible assets	22	8,120	8,080
Loss on disposal of property, plant and equipment		–	108
Equity-settled share-based payments	38(a)	–	304
Write-down of inventories		115	5,089
(Reversal of)/allowance for impairment loss on financial assets, net	6(b)	(30)	684
Impairment loss on right-of-use assets	20	6,731	2,584
Impairment loss on property, plant and equipment	19	–	52,713
Impairment loss on intangible assets	22	–	13,374
Written off on property, plant and equipment	9	5	15,903
Gain on termination of leases		–	(2,350)
Operating cash flows before working capital changes		(35,808)	(102,358)
Changes in inventories		(33,083)	214
Changes in trade and other receivables		(5,421)	(33,742)
Changes in trade and other payables		28,359	(17,402)
Cash used in operations		(45,953)	(153,288)
Income taxes (paid)/refund		(26)	1,398
Net cash used in operating activities		(45,979)	(151,890)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8	464
Proceeds from disposal of property, plant and equipment		–	38
Proceeds from disposal of financial assets FVOCI		–	3,383
Purchases of property, plant and equipment		(142,109)	(51,651)
Additions of intangible assets		(3,351)	–
Net cash used in investing activities		(145,452)	(47,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(56,259)	(26,891)
Proceeds from borrowings		244,463	103,582
Repayment of principal elements of lease liabilities		(8,297)	(9,029)
Net proceeds from shares placing		–	4,740
Issuance costs of convertible bonds		–	(610)
Proceeds from capital injection of a subsidiary		–	52,337
Interests paid		(8,519)	(5,865)
Decrease in pledged bank deposits		14,715	30,032
Dividend paid to non-controlling shareholders of a subsidiary		(1,272)	(490)
Net cash generated from financing activities		184,831	147,806
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes		(230)	(1,324)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		18,913	72,087
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		12,083	18,913
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	27	12,083	18,913

The above consolidated statement of cash flows should be read in conjunction with accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

China Biotech Services Holdings Limited and its subsidiaries are principally engaged in the provision of medical laboratory testing services and health check services in Hong Kong, provision of tumor immune cell therapy and health management services in the People's Republic of China (the "**PRC**"), provision of boron neutron capture therapy ("**BNCT**") services in the PRC, sales and distribution of health related and pharmaceutical products in the PRC and Hong Kong and provision of insurance brokerage services in Hong Kong.

The Company is a limited liability company incorporated in the Cayman Islands on 5 June 2003 and continued in Bermuda on 29 August 2013. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the address of its principal place of business in Hong Kong is Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The Company is listed on GEM of the Stock Exchange.

These consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION – *Continued*

The Group incurred a loss of approximately HK\$80,841,000 during the year ended 31 December 2025 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$266,069,000. As at 31 December 2025, the Group had total borrowings and lease liabilities of approximately HK\$338,012,000 and approximately HK\$12,620,000 respectively, while the Group had bank and cash balances of approximately HK\$12,083,000.

In the opinion of the Directors of the Company after taking the following matters into consideration, the Group will have sufficient working capital to sustain its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering a period of eighteen months up to 30 June 2027 (the "**Forecast Period**"):

- (i) As at the date of approval of the consolidated financial statements for the year ended 31 December 2025, the Group has obtained proceeds of US\$35,000,000 (equivalent to HK\$272,440,000) from the issuance of convertible bonds to Wealth Strategy Holding Limited (the "**Subscriber**"). On 29 December 2025, the Company and the Subscriber entered into a subscription agreement in respect of subscription of US\$35,000,000 convertible bonds of the Company by the Subscriber. The convertible bonds are repayable in 4 years and the issuance of convertible bonds was completed on 20 February 2026.
- (ii) The Group will substantially improve its cash flow position by generating operating cash inflows in the BNCT segment from the provision of BNCT services in the Forecast Period after the commencement of trial operation of BNCT cancer treatment centre in the first quarter of 2026.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to sustain its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Changes in accounting policies and disclosures

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

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

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples which has had no significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS – *Continued*

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

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

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(a) Consolidation – *Continued*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(c) **Business combination and goodwill** – *Continued*

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”) or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(d) **Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the consolidated financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the Company’s presentation and functional currency. Other than those subsidiaries established in the PRC whose functional currency of the principal operating subsidiaries of the Group is Renminbi (“**RMB**”), the functional currency of other subsidiaries is HK\$. The directors consider that choosing HK\$ as the presentation currency best suits the needs of the shareholders and investors.

(ii) **Transactions and balances in each entity’s financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(d) Foreign currency translation – *Continued*

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment, including building, are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), and are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of the lease term or 3-5 years
Land and buildings	Over the shorter of the lease term or 20 years
Motor vehicles	3-10 years
Furniture, fixtures and office equipment	1-10 years
Plant and machinery	3-20 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(e) Property, plant and equipment – *Continued*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

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

(i) *The Group as lessee*

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(f) **Leases** – *Continued*

(i) **The Group as lessee** – *Continued*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. terms, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(f) Leases – *Continued*

(ii) *The Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Other intangible assets

(i) *Internally-generated intangible assets – Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs that are attributable to the design and testing of identifiable and unique e-business platform controlled by the Group are recognized only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available;
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(ii) *Intangible assets acquired separately – brand name, customer relationship, patents and non-competition agreements*

Brand name and non-competition agreements with indefinite useful lives are not amortised. The customer relationship and patents are stated at cost less accumulated amortisation and impairment loss. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses ("**ECL**").

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(p) Written put option liability

The Group has a written put option over the equity of a subsidiary which permits the holder to put their shares in the subsidiary back to the Group at an agreed price on specified dates. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within 'written put option liability' with a corresponding charge directly to equity within 'other reserves'.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(q) Convertible loans

Convertible loans which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; this amount is carried as a derivative liability that is subsequently measured at fair value through profit or loss until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The liability component is classified as a current liability when the conversion option, which is classified as a liability derivative, can be exercised at the option of the holders at any time or within 12 months from the end of reporting date.

Transaction costs are apportioned between the liability and derivative components of the convertible loans based on the allocation of proceeds to the liability and derivative components on initial recognition. The portion related to the derivative component is expensed immediately.

If the notes are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivatives and liability components are recognised in profit or loss. If the notes are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(t) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(u) Revenue and other income

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

Revenue from the sales of health related and pharmaceutical products is recognised when control of the products has transferred, being when the products are delivered to the customers, no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from medical laboratory testing services and health check services is recognised at a point of time when the test services and health check services is completed.

Revenue from tumor immune cell therapy services is recognised over time when the services are provided.

Revenue from insurance brokerage services is recognised at the point when the insurance policy becomes effective in accordance with the commission terms of the underlying agreements entered into with insurance policy issuers.

Revenues from the logistic services are recognised when the performance obligation is satisfied over time as services are rendered and payment is generally due upon delivery of the shipments and issuance of the invoice to the customers.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Bank interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

The Group operates various post-employment schemes, including defined contribution pension plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(v) Employee benefits – *Continued*

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(w) Share-based payments

Share options scheme

The Group issues equity-settled share-based payments to certain directors and consultant.

Equity-settled share-based payments to directors are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultant is measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Share award scheme

The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payments reserve. The number of shares expected to vest is estimated based on the vesting criteria and conditions or periods set out in the relevant award letter determined by the Board. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed on the effective date of the forfeiture.

Where the Company's shares are issued to or acquired from the market by the Company's share award trust under the share award scheme, the total fair value of shares issued or total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as 'shares held for Share Award Scheme' and deducted from total equity. Upon vesting, the related costs of the vested shares for share award scheme issued or purchased from the market are credited to 'shares held for share award scheme', with a corresponding decrease in share-based payment reserve for the Share Award Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(z) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(z) Taxation – *Continued*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(aa) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables, loan and interest receivables, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

Significant increase in credit risk – *Continued*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is generally more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ac) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

(ad) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) *Going concern basis*

In the process of applying the Group's accounting policies, apart from those involving estimates, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2 to the consolidated financial statements.

(b) *Consolidation of entity with less than 50% equity interest holding*

Although the Group owns less than 50% of the equity interest in Sunrise Diagnostic Centre Limited ("**SDCL**"), it is treated as a subsidiary because the Group is able to control the relevant activities of SDCL as a result of the shareholders' agreement between the Group and the other shareholders of SDCL.

(c) *Business model assessment*

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest ("**SPPI**") and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Critical judgements in applying accounting policies – *Continued*

(d) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(e) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 20 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to the change in business environment of the Group's operations and volatility in financial markets.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2025 were approximately HK\$384,711,000 (2024: HK\$219,341,000) and approximately HK\$17,233,000 (2024: HK\$15,996,000) respectively. Provision for impairment loss of HK\$6,731,000 (2024: HK\$2,584,000) was recognised on right-of-use assets during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Key sources of estimation uncertainty – *Continued*

(a) **Impairment of property, plant and equipment and right-of-use assets** – *Continued*

No provision for impairment loss of property, plant and equipment was recognised during the year ended 31 December 2025, while provision for impairment loss of HK\$52,713,000 was recognised during the year ended 31 December 2024.

Details of the impairment loss are provided in notes 19 and 20 to the consolidated financial statements.

(b) **Impairment of goodwill and intangible assets**

Determining whether goodwill and intangible assets are impaired requires an estimation of the fair value less cost to disposal or value in use of the cash-generating unit to which goodwill and intangible assets have been allocated. The calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to the change in business environment of the Group's operations and volatility in financial markets, including potential disruptions of the Group's insurance brokerage operations.

The carrying amount of goodwill at the end of the reporting period was approximately HK\$108,837,000 (2024: HK\$103,894,000). No provision of impairment loss was recognised during the year ended 31 December 2025 (2024: same).

The carrying amount of intangible assets at the end of the reporting period was approximately HK\$31,765,000 (2024: HK\$34,944,000). No provision of impairment loss was recognised during the year ended 31 December 2025 (2024: HK\$13,374,000). Details of the impairment loss are provided in note 22 to the consolidated financial statements.

(c) **Impairment of trade receivables**

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to the change in business environment of the Group's operations and volatility in the financial markets, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged volatility or disruptions in energy, financial, foreign currency or commodity markets could led to increased credit default rates. The information about the ECL and the Group's trade receivables are disclosed in note 6(b).

As at 31 December 2025, the carrying amounts of trade receivables are approximately HK\$5,618,000 (2024: HK\$7,033,000) and the allowance for impairment loss is approximately HK\$4,063,000 (2024: HK\$4,093,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Key sources of estimation uncertainty – *Continued*

(d) Fair value of derivative component

As disclosed in note 31 to the consolidated financial statements, the fair value of the derivative component of the convertible bonds at the date of issuance and the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative component, the expected volatility of the share prices of the Company and the potential dilution in the share prices of the Company. Where the estimation of these factors is different from those previously estimated, such differences will impact the fair value gain or loss on the derivative component in the period in which such determination is made.

The carrying amount of the derivative financial component as at 31 December 2025 was HK\$9,165,000 (2024: HK\$6,002,000).

(e) Fair value measurement of financial investment

In the absence of quoted market prices in an active market, the Group has engaged independent professional qualified valuers to estimate the fair value of the Group's financial assets at FVOCI as at 31 December 2025.

The financial assets at FVOCI as at 31 December 2025 was approximately HK\$30,660,000 (2024: HK\$43,229,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities HK\$ and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FINANCIAL RISK MANAGEMENT – *Continued*

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has concentration of credit risk as 9% (2024: 13%) and 31% (2024: 37%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, as at 31 December 2025 and 2024:

		2025	
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.1%	5,225	4
1 to 30 days past due	0.5%	95	1
31 to 60 days past due	0.5%	73	1
61 to 90 days past due	0.5%	185	3
More than 90 days past due	6.4%-100%	4,103	4,054
		9,681	4,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FINANCIAL RISK MANAGEMENT – *Continued*

(b) Credit risk – *Continued*

Trade receivables – Continued

	Expected loss rate %	2024	
		Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.1%	6,453	5
1 to 30 days past due	0.4%	248	1
31 to 60 days past due	0.9%	227	1
61 to 90 days past due	–	37	–
More than 90 days past due	7.3%-100%	4,161	4,086
		<u>11,126</u>	<u>4,093</u>

Expected loss rates are based on actual loss experience over the past year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for trade receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	4,093	3,409
(Reversal of)/allowance for impairment losses for the year	(30)	684
At 31 December	4,063	4,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the Directors of the Company when the borrowing exceed certain predetermined level of authority.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in short and long term.

As disclosed in Note 36, certain banking facilities of the Group are subject to the fulfillments of covenants. These covenants relate to the Group's financial covenants which are tested periodically. If the Group breaches these covenants, the related loans would become repayable on demand. Up to the date of these consolidated financial statements, there are no indications that the Group would have difficulties in complying with the covenants.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2025						
Trade and other payables and accruals	86,058	–	–	–	86,058	86,058
Borrowings	206,638	6,748	50,477	88,104	351,967	338,012
Convertible bonds	51,051	–	–	–	51,051	44,268
Lease liabilities	7,318	4,742	1,064	–	13,124	12,620
Written put option liability	–	–	61,645	–	61,645	49,275
	351,065	11,490	113,186	88,104	563,845	530,233
At 31 December 2024						
Trade and other payables and accruals	46,107	–	–	–	46,107	46,107
Borrowings	138,693	–	–	–	138,693	138,693
Convertible bonds	3,821	51,051	–	–	54,872	41,635
Lease liabilities	5,959	1,702	140	–	7,801	7,504
Written put option liability	–	–	59,036	–	59,036	40,480
	194,580	52,753	59,176	–	306,509	274,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FINANCIAL RISK MANAGEMENT – *Continued*

(d) Interest rate risk

The Group's cash flow interest rate risk primarily relates to its bank and cash balance, cash held in securities trading accounts with stock brokers, borrowings and bank deposits.

At 31 December 2025, if interest rates had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$37,000 (2024: HK\$112,000) lower/higher, arising mainly as a result of higher/lower interest income on its bank and cash balance, cash held in securities trading accounts with stock brokers, and borrowings.

(e) Categories of financial instruments at 31 December

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at FVOCI:		
– Equity instrument	30,660	43,229
Financial assets at amortised cost	81,653	106,509
Financial liabilities:		
Derivative financial liabilities	9,165	6,002
Financial liabilities at amortised cost	530,233	274,419

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December 2025 and 2024:

Description	Fair value measurements using: Level 3	
	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVOCI:		
Unlisted equity securities	30,660	43,229
Financial liabilities		
Derivatives	9,165	6,002

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTOCI HK\$'000	Derivative financial liabilities HK\$'000
At 1 January 2024	52,204	(3,916)
Fair value loss recognised in other comprehensive income	(8,975)	–
Derecognition and fair loss of convertible bonds	–	3,144
Recognition of derivative component upon issuance of 2024 Convertible Bonds	–	(5,230)
At 31 December 2024 and 1 January 2025	43,229	(6,002)
Fair value loss recognised in other comprehensive income	(12,569)	–
Fair value loss recognised in profit or loss	–	(3,163)
At 31 December 2025	30,660	(9,165)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE MEASUREMENTS – *Continued*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025 and 2024:

The management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group engaged external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements					Effect on fair value for increase of inputs	Fair value	
Description	Valuation technique	Unobservable inputs	Range			2025	2024
			2025	2024	HK\$'000	HK\$'000	
						Assets/(Liabilities)	
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	14%–15%	14% – 16%	Increase	30,660	43,229
		Growth rate	2%–2.5%	2% – 2.5%	Increase		
		Discount for lack of marketability	17.8%	15.8%	Decrease		
Derivative: option component of convertible bonds	Binomial option pricing model	Expected volatility	105.2%	95.6%	Increase	(9,165)	(6,002)
		Discount rate	15.0%	15.0%	Increase		

During the years ended 31 December 2025 and 2024, there were no transfers of financial instruments between levels 1, 2 and 3.

8. REVENUE

Disaggregation of revenue from contracts with customers by major products or services line for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of medical laboratory testing services and health check services	35,782	39,158
Sale and distribution of health related and pharmaceutical products	–	686
Provision of insurance brokerage services	37,570	30,600
Provision of logistic services	151	65
	73,503	70,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. REVENUE – Continued

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and the geographical regions:

For the year ended 31 December	Provision of medical laboratory testing services and health check services		Sale and distribution of health related and pharmaceutical products		Provision of insurance brokerage services		Provision of logistic services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets										
- Hong Kong, China	35,782	39,156	-	686	37,570	30,600	151	65	73,503	70,507
- The PRC except Hong Kong, China	-	2	-	-	-	-	-	-	-	2
Segment revenue	35,782	39,158	-	686	37,570	30,600	151	65	73,503	70,509
Timing of revenue recognition										
Products and services transferred at a point in time	35,782	39,158	-	686	37,570	30,600	-	-	73,352	70,444
Products and services transferred over time	-	-	-	-	-	-	151	65	151	65
Total	35,782	39,158	-	686	37,570	30,600	151	65	73,503	70,509

9. OTHER INCOME AND OTHER GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Interest income	8	464
Government grants (note a)	646	545
Loss on disposal of property, plant and equipment	-	(108)
Loss on written-off of property, plant and equipment	(5)	(15,903)
Exchange gains/(losses), net	7,700	(11,152)
Compensation income (note b)	13,824	27,071
Gain on early termination of lease	-	2,350
Service income received from a non-controlling interest	1,267	2,533
Others	118	-
	23,558	5,800

Notes:

- (a) During the year ended 31 December 2025 and 2024, the government grants mainly related to the high-technology enterprise subsidies received from the PRC government and Hong Kong Government.
- (b) In October 2024, BNCT equipment located at Hainan Province, the PRC was damaged during rainstorm. Accordingly, an impairment loss of approximately HK\$52,713,000 (equivalent to RMB48,680,000) was recognised as impairment loss on property, plant and equipment for the year ended 31 December 2024. The Group was an insurance beneficiary for coverage against damages to the equipment incidental to rainstorm and the related compensation would be recognised only when the compensation has been acknowledged by the insurance company. The Group received approximately HK\$13,824,000 and HK\$27,071,000 from insurance claim during the year ended 31 December 2025 and 2024 respectively and they were recognised as compensation income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. SEGMENT INFORMATION

The Group has five operating segments as follows:

Medical and health related services	–	provision of medical laboratory testing services and health check services
Immunotherapy	–	provision of tumor immune cell therapy and health management services
Pharmaceutical products	–	sale and distribution of health related and pharmaceutical products
Insurance brokerage	–	insurance brokerage services
BNCT	–	provision of boron neutron capture therapy treatment services
Others	–	provision of logistic services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include provision of logistic services, which does not meet any of the quantitative thresholds for determining reportable segments. The information of this operating segment is included in the 'others' column.

Segment profits or losses do not include other income and other gains excluding loss on disposal of property, plant and equipment, loss on written-off of property, plant and equipment and compensation income, unallocated administrative expenses, fair value loss on convertible bonds, unallocated finance costs, and income tax credit. Segment assets do not include the unallocated bank and cash balances, tax recoverable and financial assets at FVOCI. Segment liabilities do not include unallocated borrowings, current and deferred tax liabilities, convertible bonds and derivative financial liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. SEGMENT INFORMATION – Continued

Information about operating segment profit or loss, assets and liabilities:

	Medical and health related services HK\$'000	Immunotherapy HK\$'000	Pharmaceutical products HK\$'000	Insurance brokerage HK\$'000	BNCT HK\$'000	Others HK\$'000	Total HK\$'000
For the Year ended 31 December 2025							
Revenue from external customers	35,782	-	-	37,570	-	151	73,503
Intersegment revenue	1,050	-	-	-	145	-	1,195
Segment (loss)/profit	(28,779)	(31,300)	(596)	3,531	4,466	(641)	(53,319)
Other income and other gains							9,734
Unallocated finance costs							(17,396)
Fair value loss on convertible bonds							(3,163)
Unallocated corporate expenses							(17,553)
Loss before tax							(81,697)
Income tax credit							856
Loss for the year							(80,841)
As at 31 December 2025							
Segment assets	21,174	137,087	628	9,252	486,119	37	654,297
Unallocated corporate assets							48,278
Total assets							702,575
Segment liabilities	29,243	33,407	440	1,597	227,889	180	292,756
Unallocated corporate liabilities							254,074
Total liabilities							546,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. SEGMENT INFORMATION – Continued

Information about operating segment profit or loss, assets and liabilities: – Continued

	Medical and health related services HK\$'000	Immunotherapy HK\$'000	Pharmaceutical products HK\$'000	Insurance brokerage HK\$'000	BNCT HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2024							
Revenue from external customers	39,158	-	686	30,600	-	65	70,509
Intersegment revenue	455	-	532	-	-	76	1,063
Segment (loss)/profit	(100,150)	(47,963)	(734)	1,752	(33,652)	(720)	(181,467)
Other income, gain/(losses)							(5,260)
Unallocated finance costs							(16,922)
Fair value loss on convertible bonds							(24,156)
Unallocated corporate expenses							(24,992)
Loss before tax							(252,797)
Income tax credit							943
Loss for the year							(251,854)
As at 31 December 2024							
Segment assets	26,525	137,127	887	10,310	272,889	34	447,772
Unallocated corporate assets							82,183
Total assets							529,955
Segment liabilities	15,827	3,510	20	1,803	18,050	122	39,332
Unallocated corporate liabilities							248,235
Total liabilities							287,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. SEGMENT INFORMATION – Continued

Other segment information

Other segment information for the year ended 31 December 2025:

	Medical and health related services HK\$'000	Immunotherapy HK\$'000	Pharmaceutical products HK\$'000	Insurance brokerage HK\$'000	BNCT HK\$'000	Others HK\$'000	Total HK\$'000
Capital expenditures	157	-	-	-	152,756	-	152,913
Amortisation of intangible assets	-	8,090	-	-	30	-	8,120
Depreciation of property, plant and equipment	1,929	315	-	-	43	6	2,293
Depreciation of right-of-use assets	1,683	1,309	-	251	247	2,537	6,027
Loss on written off of property, plant and equipment	5	-	-	-	-	-	5
Cost of services sold	18,471	-	-	30,323	-	15	48,809
Staff costs	26,515	3,374	297	3,132	7,805	738	41,861
Reversal of impairment loss on financial assets, net	(30)	-	-	-	-	-	(30)
Write-down of inventories	-	-	115	-	-	-	115
Impairment loss on right-of-use assets	6,731	-	-	-	-	-	6,731

Other segment information for the year ended 31 December 2024:

	Medical and health related services HK\$'000	Immunotherapy HK\$'000	Pharmaceutical products HK\$'000	Insurance brokerage HK\$'000	BNCT HK\$'000	Others HK\$'000	Total HK\$'000
Capital expenditures	969	41	-	-	197,897	7	198,914
Amortisation of intangible assets	-	8,080	-	-	-	-	8,080
Depreciation of property, plant and equipment	5,065	1,023	-	-	9	31	6,128
Depreciation of right-of-use assets	3,963	-	101	192	247	2,705	7,208
Loss on written off of property, plant and equipment	15,903	-	-	-	-	-	15,903
Cost of services sold	26,614	-	535	25,357	-	5	52,511
Staff costs	40,350	3,213	778	3,008	5,729	738	53,816
Allowance for impairment loss on financial assets, net	684	-	-	-	-	-	684
Loss on disposal of property, plant and equipment	108	-	-	-	-	-	108
Write-down of inventories	5,089	-	-	-	-	-	5,089
Impairment loss on right-of-use assets	2,584	-	-	-	-	-	2,584
Impairment loss on intangible assets	13,374	-	-	-	-	-	13,374
Impairment loss on property, plant and equipment	-	-	-	-	52,713	-	52,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. SEGMENT INFORMATION – *Continued*

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding financial assets at FVOCI) by location of assets are detailed below:

	Revenue		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong, China	73,503	70,507	25,125	27,173
The PRC except Hong Kong, China	–	2	571,984	396,458
	73,503	70,509	597,109	423,631

Revenue from major customers:

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Provision of insurance brokerage services Customer A	11,246	13,903

11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities	536	638
Interest on other borrowings	12,143	5,040
Interest on bank borrowing	1,865	1,690
Interest on written put option liability	6,537	5,200
Effective interest on convertible bonds	6,486	4,354
	27,567	16,922
Less: Interest capitalised on qualifying assets	(8,094)	–
	19,473	16,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	2025 HK\$'000	2024 HK\$'000
Current tax		
Hong Kong		
– Provision for the year	357	269
Deferred tax (<i>note 34</i>)	(1,213)	(1,212)
	(856)	(943)

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Under the Law of the PRC Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, has been provided at a rate of 25% (2024: 25%).

For the year ended 31 December 2025, a subsidiary of the Group in the PRC had been certified by the relevant PRC authorities as high technology enterprises pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to EIT rate of 15% (2024: 15%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax credit and the product of loss before tax multiplied by the respective applicable tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(81,697)	(252,797)
Tax at the respective applicable tax rates	(11,820)	(35,697)
Tax effect of income that is not taxable	(5,215)	(6,928)
Tax effect of expenses that are not deductible	1,277	21,466
Tax effect of temporary differences not recognised	212	(4,217)
Tax effect of tax losses not recognised	15,245	24,811
Tax effect of utilisation of tax losses not previously recognised	(384)	(315)
Tax effect of two-tiered tax regime	(165)	–
Tax concession	(6)	(63)
Income tax credit	(856)	(943)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2025 HK\$'000	2024 HK\$'000
Amortisation of intangible assets	8,120	8,080
Depreciation of property, plant and equipment	2,293	6,128
Depreciation of right-of-use assets	6,027	7,208
Loss on written-off of property, plant and equipment	5	15,903
Fair value loss on convertible bonds	3,163	24,156
Operating lease charges		
– Office premises and warehouses	1,140	1,665
Staff costs including directors' remuneration		
– Salaries, bonuses and allowances	49,723	63,244
– Equity-settled share-based payments	–	304
– Retirement benefits scheme contributions	2,045	2,231
	51,768	65,779
Auditor's remuneration		
– Audit services	1,210	1,380
– Non-audit services	–	140
	1,210	1,520
Cost of services sold	48,809	52,511
Write-down of inventories (included in cost of sales)	115	5,089
(Reversal of)/allowance for impairment loss on financial assets, net	(30)	684
Impairment loss on right-of-use assets	6,731	2,584
Impairment loss on property, plant and equipment	–	52,713
Impairment loss on intangible assets	–	13,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. EMPLOYEE BENEFITS EXPENSE

	2025 HK\$'000	2024 HK\$'000
Salaries, bonuses and allowances	49,723	63,244
Equity-settled share-based payments	–	304
Retirement benefit scheme contributions (note 16)	2,045	2,231
	51,768	65,779

Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2024: one) director whose emoluments are reflected in the analysis presented in note 15. The emoluments of the remaining four (2024: four) individual is set out below:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	3,990	6,418
Retirement benefit scheme contributions	334	197
	4,324	6,615

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK\$500,001 to HK\$1,000,000	3	–
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	–	1
	4	4

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

For the year ended 31 December 2025, the remuneration of every director of the Company is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Total HK\$'000
	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Share-based payments HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Executive Directors						
Mr. Liu	3,000	2,141	87	-	18	5,246
Mr. He Xun	609	-	-	-	-	609
Dr. Huang Song	600	-	-	-	-	600
Dr. Yin Ye (<i>note iv</i>)	261	-	-	-	-	261
Independent Non-executive Directors						
Mr. Yan Guoxiang	240	-	-	-	-	240
Mr. Qian Hongji (<i>note v</i>)	40	-	-	-	-	40
Dr. Guo Yuantao (<i>note iii</i>)	240	-	-	-	-	240
Dr. Zhang Xiao (<i>note iv</i>)	105	-	-	-	-	105
	5,095	2,141	87	-	18	7,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15. BENEFITS AND INTERESTS OF DIRECTORS – *Continued*

(a) Directors' emoluments – *Continued*

For the year ended 31 December 2024, the remuneration of every director of the Company is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Total HK\$'000
	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Share-based payments HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Executive Directors						
Mr. Liu	3,000	986	–	–	18	4,004
Mr. He Xun	621	–	–	–	–	621
Dr. Huang Song	600	–	–	–	–	600
Non-executive Director						
Ms. Chui Hoi Yam (<i>note i</i>)	272	–	–	304	–	576
Independent Non-executive Directors						
Mr. Yan Guoxiang	240	–	–	–	–	240
Mr. Qian Hongji	240	–	–	–	–	240
Dr. Ho Ivan Chun Kit (<i>note ii</i>)	104	–	–	–	–	104
Dr. Guo Yuantao (<i>note iii</i>)	137	–	–	–	–	137
	5,214	986	–	304	18	6,522

Notes:

- (i) Ms. Chui Hoi Yam resigned as a non-executive director on 13 June 2024.
- (ii) Dr. Ho Ivan Chun Kit retired as an independent non-executive director following the conclusion of the annual general meeting on 6 June 2024.
- (iii) Dr. Guo Yuantao was appointed as independent non-executive director in the annual general meeting on 6 June 2024.
- (iv) Dr. Yin Ye and Dr. Zhang Xiao were appointed as an executive director and an independent non-executive director respectively on 25 July 2025.
- (v) Mr. Qian Hongji resigned as an independent non-executive director on 25 July 2025.

None of the directors waived or agreed to waive any emoluments paid by the Group and no incentive payment for joining the Group or compensation for loss of office was paid or payable to any director during the years ended 31 December 2025 and 2024.

(b) Directors' retirement benefits and termination benefits

During the year ended 31 December 2025, none of the directors received or will receive any retirement benefits or termination benefits during the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15. BENEFITS AND INTERESTS OF DIRECTORS – *Continued*

(c) Consideration provided to third parties for making available directors' service

During the year ended 31 December 2025, the Company did not pay consideration to any third parties for making available directors' services (2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2025, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 43, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. RETIREMENT BENEFIT SCHEMES

Provident fund benefits are offered to certain fulltime employees through a registered scheme under Occupational Retirement Scheme Ordinance ("**ORSO**"). The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong (other than those who are cover under ORSO scheme). The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The Group's contributions to the MPF Scheme and the central pension scheme in the PRC (collectively, the "**Defined Contribution Schemes**") vest fully and immediately with the employees. Accordingly, (i) for years ended 31 December 2025 and 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17. DIVIDENDS

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

18. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares during the year ended 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the year for the purpose of calculating basic/diluted loss per share	(68,778)	(198,146)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic/diluted loss per share	975,731	968,491

The calculation of the diluted loss per share did not assume the conversion of the Company's convertible bonds as the inclusion would be anti-dilutive effect for the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Land and buildings HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and office equipment HK\$'000	Plant and machinery HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Year ended 31 December 2024							
Opening net carrying amount	222	11,478	302	3,249	21,648	63,636	100,535
Additions	400	-	-	404	320	197,790	198,914
Depreciation	(184)	(491)	(48)	(970)	(4,435)	-	(6,128)
Written off	-	-	-	(1,811)	(14,092)	-	(15,903)
Disposals	-	-	-	(146)	-	-	(146)
Impairment loss	-	-	-	-	-	(52,713)	(52,713)
Exchange differences	(4)	-	(9)	(15)	(47)	(5,143)	(5,218)
Closing net carrying amount	434	10,987	245	711	3,394	203,570	219,341
At 31 December 2024							
Cost	11,002	15,211	429	5,262	18,969	255,177	306,050
Accumulated depreciation and impairment	(10,568)	(4,224)	(184)	(4,551)	(15,575)	(51,607)	(86,709)
Net carrying amount	434	10,987	245	711	3,394	203,570	219,341
Year ended 31 December 2025							
Opening net carrying amount	434	10,987	245	711	3,394	203,570	219,341
Additions	-	-	-	694	4,764	147,455	152,913
Depreciation	(167)	(491)	(38)	(279)	(1,318)	-	(2,293)
Written off	-	-	-	-	(5)	-	(5)
Impairment loss	-	-	-	-	-	-	-
Exchange differences	5	-	12	-	178	14,560	14,755
Closing net carrying amount	272	10,496	219	1,126	7,013	365,585	384,711
At 31 December 2025							
Cost	9,968	15,211	451	5,800	24,056	419,839	475,325
Accumulated depreciation and impairment	(9,696)	(4,715)	(232)	(4,674)	(17,043)	(54,254)	(90,614)
Net carrying amount	272	10,496	219	1,126	7,013	365,585	384,711

At 31 December 2025, the carrying amount of property, plant and equipment pledged as security for the Group's borrowings amounted to HK\$376,081,000 (2024: HK\$204,555,000).

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FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY, PLANT AND EQUIPMENT – *Continued*

In October 2024, BNCT equipment located at Hainan Province, the PRC was damaged during rainstorm. Accordingly, an impairment loss of approximately HK\$52,713,000 (equivalent to approximately RMB48,680,000) was recognised for the respective construction in progress for the year ended 31 December 2024. The Group is an insurance beneficiary for coverage against damages to construction in progress incidental to rainstorm and the related compensation will be recognised only when the compensation has been acknowledged by the insurance company. The Group received approximately HK\$13,824,000 (2024: HK\$27,071,000) from insurance claim during the year ended 31 December 2025 which was recognised as compensation income (note 9).

20. RIGHT-OF-USE ASSETS

	Land use rights in the PRC HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 January 2024	12,168	11,512	23,680
Additions	–	4,293	4,293
Depreciation	(246)	(6,962)	(7,208)
Termination of leases	–	(1,771)	(1,771)
Impairment loss	–	(2,584)	(2,584)
Exchange differences	(396)	(18)	(414)
At 31 December 2024 and 1 January 2025	11,526	4,470	15,996
Additions	–	13,368	13,368
Depreciation	(247)	(5,780)	(6,027)
Impairment loss	–	(6,731)	(6,731)
Exchange differences	583	44	627
At 31 December 2025	11,862	5,371	17,233

Lease liabilities of HK\$12,620,000 (2024: HK\$7,504,000) are recognised with related right-of-use assets of HK\$5,371,000 (2024: HK\$4,470,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

At 31 December 2025, the carrying amount of land use rights in the PRC pledged as security for the Group's bank borrowings amounted to HK\$11,862,000 (2024: HK\$11,526,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. RIGHT-OF-USE ASSETS – *Continued*

	2025 HK\$'000	2024 HK\$'000
Depreciation expenses on right-of-use assets	6,027	7,208
Interest expense on lease liabilities (included in finance cost)	536	638
Expenses relating to short-term lease (included in cost of goods sold, selling and distribution expenses, and administrative expenses)	1,140	1,665

Details of total cash outflow for leases is set out in note 39(b).

For the years ended 31 December 2025 and 2024, the Group leases various offices, clinics, labs and warehouses for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. During the year ended 31 December 2025, the Group has no leases contracts with the extension options (2024: same).

21. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Cost		
At 1 January	133,543	136,830
Exchange differences	4,943	(3,287)
At 31 December	138,486	133,543
Accumulated impairment		
At 1 January and 31 December	29,649	29,649
Carrying amount		
At 31 December	108,837	103,894

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FOR THE YEAR ENDED 31 DECEMBER 2025

21. GOODWILL – Continued

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2025 HK\$'000	2024 HK\$'000
Provision of tumor immune cell therapy and health management services:		
– Shanghai Longyao Biotech Company Limited (“ Shanghai Longyao ”) acquired in 2019 (“ CGU A ”)	101,346	96,403
Provision of insurance brokerage services:		
– Fortstone International (Hong Kong) Limited (“ Fortstone ”) acquired in 2019 (“ CGU B ”)	7,491	7,491
	108,837	103,894

The Group prepares cash flow forecasts for CGU A engaging in provision of tumor immune cell therapy and health management service. The recoverable amount for CGU A was determined based on fair value less cost of disposal calculated by using discounted cash flow technique, covering the most recent financial budgets approved by the directors for the next eight years with residual period using the growth rate of 2%. The rate used to discount the fair value less cost of disposal is 18.2% (2024: 18.7%), which reflects specific risks relating to CGU A. The fair value less cost of disposal of CGU A is estimated by an independent professional qualified valuer and classified as level 3 measurement.

The key assumptions for the fair value less cost of disposal calculation were those regarding the discount rate, growth rate and budgeted gross margin. These were determined based on the development trends of the industry and on budgeted revenue, which had been determined based on the management’s expectation of the industry development for CGU B. As the recoverable amount was higher than the carrying amount, no impairment loss was recognised during the year ended 31 December 2025. If forecast sales growth rates decrease by 4.1%, the headroom in CGU A would reduce to nil but would not result in an impairment charge.

For CGU B engaging in insurance brokage service, the recoverable amount was determined based on its value in use by using the discounted cash flow method. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 2.5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from CGU B is 17.55% (2024: 19.85%).

The key assumptions for the value in use were those regarding the discount rate, growth rate and budgeted gross margin. These were determined based on the development trends of the industry, budgeted revenue, which has been determined based on the management’s expectation of the industry development for CGU B.

As at 31 December 2025, the recoverable amount of the CGU B is determined based on value-in-use calculation. As the recoverable amount was higher than the carrying amount, no impairment loss was recognised during the year ended 31 December 2025. If forecast sales growth rates decrease 2.2%, the headroom in CGU C would reduce to nil but would not result in an impairment charge.

No impairment loss of goodwill was recognised for the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

22. INTANGIBLE ASSETS

	Customer relationship	Brand name	Patents	Non- competition agreement	Software	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At 1 January 2024	12,247	34,915	81,802	1,324	–	130,288
Exchange differences	–	–	(2,697)	–	–	(2,697)
At 31 December 2024 and 1 January 2025	12,247	34,915	79,105	1,324	–	127,591
Additions	–	–	–	–	3,351	3,351
Exchange differences	–	–	4,055	–	94	4,149
At 31 December 2025	12,247	34,915	83,160	1,324	3,445	135,091
Accumulated amortisation and impairment losses						
At 1 January 2024	12,247	21,541	38,856	–	–	72,644
Amortisation for the year	–	–	8,080	–	–	8,080
Impairment loss	–	13,374	–	–	–	13,374
Exchange differences	–	–	(1,451)	–	–	(1,451)
At 31 December 2024 and 1 January 2025	12,247	34,915	45,485	–	–	92,647
Amortisation for the year	–	–	8,090	–	30	8,120
Impairment loss	–	–	–	–	–	–
Exchange differences	–	–	2,558	–	1	2,559
At 31 December 2025	12,247	34,915	56,133	–	31	103,326
Carrying amount						
At 31 December 2025	–	–	27,027	1,324	3,414	31,765
At 31 December 2024	–	–	33,620	1,324	–	34,944

The amortisation period of patents and software are 10 years (2024: 10 years) and ranged from 5 to 10 years (2024: nil) respectively. The amortisation period of customer relationship was 10 years, which had been fully amortised.

For the brand name and non-competition agreement, they have no foreseeable limit to the period over which are expected to generate net cash flow for the Group. The directors considered that they have an indefinite useful life because it is expected to contribute to net cash flows indefinitely. They will not be amortised until its useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that it may be impaired.

The Group carried out annual review of the recoverable amount of its non-current assets in respective CGU (referred to notes 21 to the consolidated financial statements) having regard to the market conditions of the Group's products. No impairment loss of intangible assets was provided for the year ended 31 December 2025. Impairment loss of intangible assets of HK\$13,374,000 was provided for the year ended 31 December 2024.

At 31 December 2025, patents with aggregated carrying amounts of HK\$27,027,000 (2024: HK\$33,620,000) were pledged as security for the Group's other borrowings.

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FOR THE YEAR ENDED 31 DECEMBER 2025

23. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 are as follows:

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Best Global Group Limited	BVI, limited liability company	Hong Kong	Ordinary shares US\$1	100%	–	Investment holding
Grande Fortune International Limited	BVI, limited liability company	Hong Kong	Ordinary shares US\$1	100%	–	Investment holding
Gain Yield Holdings Limited	Samoa, limited liability company	Hong Kong	Ordinary shares US\$110	100%	–	Investment holding
Master Glory Enterprises Corporation	BVI, limited liability company	Hong Kong	Ordinary shares US\$10,000	–	100%	Investment holding
Keyun Limited	BVI, limited liability company	Hong Kong	Ordinary shares US\$1	100%	–	Investment holding
Asia Molecular Diagnostics Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1,000	–	97%	Provision of medical diagnostic services
Asia Molecular Diagnostics Laboratory Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares US\$2,500,000	–	77.6%	Provision of medical diagnostic services
China Biology Services Group Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1	–	100%	Investment holding
Ferran Finance Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1	–	– (note(b))	Inactive
Fortstone	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$3,000,000	–	51%	Provision of insurance brokerage services
Genezone International Health Management Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$110,100	–	90.09%	Provision of coordination of healthcare providers services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. INVESTMENTS IN SUBSIDIARIES – Continued

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Genezone Pharmaceutical Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$100	–	96%	Sales and distribution of health related and pharmaceutical products
PHC Biomedicine Logistics Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1	–	97%	Provision of logistic services
PHC Medical Diagnostic Centre Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$198,000	–	97%	Provision of medical laboratory testing services and health check services
Premier MediCare Services Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$500,002	–	97%	Provision of health check services
SDCL	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$100	–	40% (note(a))	Provision of medical laboratory testing services
T. F. Industries Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1	–	97%	Property investment
Victory Medical Laboratory Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK\$1,000	–	97%	Provision of medical laboratory testing services and health check services
Shanghai Longyao	The PRC, limited liability company	The PRC	Registered capital RMB18,556,159	–	66.26%	Provision of tumor immune cell therapy and health management services
Longyao Biotech (Yixing) Company Limited	The PRC, limited liability company	The PRC	Registered capital RMB80,000,000	–	66.26%	Provision of tumor immune cell therapy and health management services

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23. INVESTMENTS IN SUBSIDIARIES – *Continued*

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Shengke (Yixing) Biotech Company Limited	The PRC, limited liability company	The PRC	Registered capital RMB49,960,000	–	100%	Provision of tumor immune cell therapy and health management services
Shenzhen Genezone Biotech Services Company Limited*	The PRC, limited liability company	The PRC	Registered capital RMB20,000,000	–	100%	Provision of health management services
Pengbo (Hainan)	The PRC, limited liability company	The PRC	Registered capital RMB150,000,000	–	100%	Provision of BNCT services

Note (a): Although the Group owns less than 50% of the equity interest in SDCL, it is able to gain power over than 50% of the voting right by virtue of agreement with another shareholder. Consequently, the Group consolidates SDCL.

Note (b): Ferran Finance Limited is deregistered during the year ended 31 December 2025.

* The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. INVESTMENTS IN SUBSIDIARIES – *Continued*

The following table shows information on the subsidiary that have non-controlling interests (“**NCI**”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	SDCL	
	2025	2024
Principal place of business/country of incorporation	Hong Kong/Hong Kong	
% of ownership interests/voting rights held by NCI	60%/40%	60%/40%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	–	–
Current assets	29	611
Non-current liabilities	–	–
Current liabilities	(1,046)	(1,146)
Net liabilities	(1,017)	(535)
Accumulated NCI	(610)	(321)
Year ended 31 December:		
Revenue	–	1,157
Loss	(482)	(60,935)
Total comprehensive income	(482)	(60,935)
Loss allocated to NCI	(289)	(36,561)
Net cash used in operating activities	(453)	(38,827)
Net cash generated from investing activities	–	383
Net cash used in financing activities	–	(1,212)
Net decrease in cash and cash equivalents	(453)	(39,656)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24. FINANCIAL ASSETS AT FVOCI

	2025 HK\$'000	2024 HK\$'000
Unlisted equity securities at fair value		
As at 1 January	43,229	52,204
Fair value loss	(12,569)	(8,975)
As at 31 December	30,660	43,229
Listed securities in Hong Kong		
As at 1 January	–	4,716
Proceed from disposal	–	(3,383)
Fair value loss	–	(1,333)
As at 31 December	–	–
	30,660	43,229
Analysed as:		
Non-current assets	30,660	43,229

Equity securities are not held for trading. The Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Financial assets at FVOCI are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
US\$	30,660	43,229

25. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	36,939	3,971

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FOR THE YEAR ENDED 31 DECEMBER 2025

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2025 HK\$'000	2024 HK\$'000
Trade receivables	9,681	11,126
Less: allowance for impairment loss	(4,063)	(4,093)
	5,618	7,033
Rental and other deposits (<i>Note</i>)	56,801	51,822
Other receivables	7,137	14,012
Prepayments	10,751	1,991
Cash held in securities trading accounts with stock brokers	14	14
	74,703	67,839
Total trade and other receivables, deposits and prepayment	80,321	74,872
Analysis as:		
Current assets	30,641	25,416
Non-current assets	49,680	49,456
	80,321	74,872

Note: Included in rental and other deposits, amount of HK\$49,680,000 (equivalent to Japanese Yen 1,000,000,000) (31 December 2024: HK\$49,456,000 (equivalent to Japanese Yen 1,000,000,000)), which represented deposit paid to a pharmaceutical company incorporated in Japan in relation to the purchase of BNCT drug for the use in BNCT cancer treatment centre in Hainan, the PRC.

At 31 December 2025, the carrying amount of other receivables pledged as security for the Group's borrowings amounted to approximately HK\$780,000 (2024: HK\$1,060,000).

The Group generally allows an average credit period of 90 days (2024: 90 days) for its pharmaceutical products customers, laboratory testing and health check services customers and logistic service customers and 30 days (2024: 30 days) for its insurance brokerage services customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	5,225	6,447
91 to 180 days	353	510
181 to 365 days	40	68
Over 365 days	-	8
	5,618	7,033

As at 31 December 2025, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK\$4,063,000 (2024: HK\$4,093,000).

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FOR THE YEAR ENDED 31 DECEMBER 2025

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT – *Continued*

As of 31 December 2025, trade receivables of approximately HK\$393,000 (2024: HK\$586,000) were past due but not impaired. These related to a number of independent customers for whom there had no recent history of default. The aging analysis of these trade receivables past due but not impaired is as follows:

	2025 HK\$'000	2024 HK\$'000
Less than 90 days	353	510
91 to 275 days	40	68
Over 275 days	–	8
	393	586

The carrying amounts of the Group's trade receivables are denominated in HK\$.

27. PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

The Group does not have pledged bank deposits as at 31 December 2025. As at 31 December 2024, the Group had pledged bank deposits of approximately HK\$14,715,000, denominated in JPY, which represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries Ltd ("**Sumitomo**").

The carrying amounts of bank and cash balances at 31 December 2025 and 2024 are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	5,815	11,141
US\$	–	7
HK\$	6,268	7,765
	12,083	18,913

28. SHARE CAPITAL

	2025		2024	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
At 31 December	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
At 1 January	975,731	97,573	963,231	96,323
Placing of shares (<i>Note</i>)	–	–	12,500	1,250
At 31 December	975,731	97,573	975,731	97,573

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FOR THE YEAR ENDED 31 DECEMBER 2025

28. SHARE CAPITAL – *Continued*

Note:

On 20 July 2024, Genius Lead Limited (“**Genius Lead**”) entered into a placing agreement with Mr. Ming Fu, pursuant to which Genius Lead agreed to sell 12,500,000 shares of the Company to Mr. Ming Fu at a price of HK\$0.40 per placing share.

On 20 July 2024, Genius Lead entered into a top-up subscription agreement (the “**Top-up Subscription Agreement**”) with the Company. Pursuant to the Top-up Subscription Agreement, an aggregate of 12,500,000 shares have been allotted and issued to Genius Lead at the placing price of HK\$0.40 per placing shares. The top-up subscription of new shares took place on 31 July 2024.

The net proceeds after deduction of expenses from the Top-up Subscription Agreement were approximately HK\$4,600,000 to be used for general working capital of the Group.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. Net debt comprises lease liabilities, convertible bonds, written put option liability and borrowings. Total equity comprises all components of equity (i.e. share capital, non-controlling interests and other reserves).

The debt-to-adjusted capital ratios at 31 December 2025 and 2024 were as follows:

	2025	2024
	HK\$’000	HK\$’000
Total debt	444,175	228,312
Less: cash and cash equivalents	(12,083)	(18,913)
Net debt	432,092	209,399
Total equity	155,745	242,388
Debt-to-adjusted capital ratio	277.44%	86.39%

The increase in debt-to-equity ratio in 2025 resulted primarily from increase of total debt due to the additions of borrowings and decrease of total equity arising from the loss for the year.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	1,361	1,361
Right-of-use assets	2,640	1,312
	4,001	2,673
Current assets		
Prepayments and other receivables	1,272	1,628
Amount due from subsidiaries	310,867	309,872
Bank and cash balances	376	1,820
	312,515	313,320
Non-current liabilities		
Convertible bonds	–	41,635
Derivative financial liabilities	–	6,002
Lease liabilities	1,211	–
	1,211	47,637
Current liabilities		
Accruals and other payables	17,134	9,865
Convertible bonds	44,268	–
Derivative financial liabilities	9,165	–
Borrowings	44,215	31,400
Amount due to subsidiaries	17,077	20,879
Lease liabilities	1,416	1,421
Financial guarantee liabilities	37,855	3,044
	171,130	66,609
Net current assets	141,385	247,711
NET ASSETS	144,175	201,747
Capital and reserves		
Share capital	97,573	97,573
Reserves	46,602	104,174
TOTAL EQUITY	144,175	201,747

Approval by the Board of Directors on 27 March 2026 and are signed on its behalf by:

Liu Xiaolin
Director

He Xun
Director

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FOR THE YEAR ENDED 31 DECEMBER 2025

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY – *Continued*

(b) Reserve movement of the Company

	Share premium HK\$'000	Share-based payments reserve HK\$'000	Special reserve HK\$'000	Shares held under share awarded scheme HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	490,692	6,502	212,948	(6,622)	(527,985)	175,535
Total comprehensive loss for the year	-	-	-	-	(75,155)	(75,155)
Share-based payments	-	304	-	-	-	304
Lapse of share options	-	(6,806)	-	-	6,806	-
Shares issued under placing	3,750	-	-	-	-	3,750
Less: Share issued expenses	(260)	-	-	-	-	(260)
At 31 December 2024 and 1 January 2025	494,182	-	212,948	(6,622)	(596,334)	104,174
Total comprehensive loss for the year	-	-	-	-	(57,572)	(57,572)
At 31 December 2025	494,182	-	212,948	(6,622)	(653,906)	46,602

As at 31 December 2025, the aggregate amount of reserves of the Company available for distribution to owners of the Company was approximately HK\$46,602,000 (2024: HK\$104,174,000). The distributable reserves which include the Company's share premium, special reserve and accumulated losses, under the Companies Act 1981 of Bermuda, are distributable to owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company is still able to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

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FOR THE YEAR ENDED 31 DECEMBER 2025

30. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) *Share-based payment reserve*

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(w) to the consolidated financial statements.

(ii) *Special reserve*

As at 31 December 2025, special reserve of approximately HK\$212,948,000 (2024: HK\$212,948,000) was recorded after setting off the capital reduction and the cancellation of the share premium with the accumulated losses as at the date of the change of the domicile and the capital reorganisation of the Company which became effective on 28 August 2013 and 19 September 2013 respectively.

(iii) *Other reserves*

Other reserves represent the initial recognition of the written put option liability and recognition of gain on the deemed disposal of share of subsidiaries (note 33).

(iv) *Financial assets at FVOCI reserve*

The financial assets at FVOCI reserve comprises the cumulative net change in the fair value of financial assets as held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(k) to the consolidated financial statements.

(v) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2025

31. CONVERTIBLE BONDS

On 20 December 2022, the Company issued convertible bonds ("**2022 Convertible Bonds**") at the issue price of US\$10,000,000 (equivalent to approximately HK\$77,800,000) (equal to 100 per cent of the principal amount of the convertible bonds). The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK\$1.45 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2022 Convertible Bonds, if any) and at the exchange rate of HK\$7.85 to US\$1.00, and on this basis a maximum number of 54,137,931 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2022 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2022 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date of the 2022 Convertible Bonds is two years from issue date.

On 17 December 2024, the Company and the bondholder entered into the subscription agreement under which the Company agreed to redeem US\$4,000,000 (approximately HK\$31,400,000) of the principal amount of the 2022 Convertible Bonds and issue the 2024 Convertible Bonds (as defined below).

On 27 December 2024, the Company issued convertible bonds ("**2024 Convertible Bonds**") in the aggregate principal of US\$6,000,000 (equivalent to approximately HK\$47,100,000), which shall be settled by the way of set-off on a dollar-to-dollar basis against the principal amount of US\$6,000,000 of the 2022 Convertible Bonds. The 2024 Convertible Bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK\$1.20 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds, if any) and at the exchange rate of HK\$7.85 to US\$1.00, and on this basis a maximum number of 39,250,000 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2024 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2024 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date is two years from issue date. The 2024 Convertible Bonds are guaranteed by one of the Group's subsidiaries, Pengbo (Hainan) Medical Technology Co., Ltd. ("**Pengbo Hainan**") (an indirect wholly-owned subsidiary of the Company), Genius Lead Limited (a controlling shareholder of the Company) and Mr. Liu Xiaolin ("**Mr. Liu**") (executive director and chairman of the Company).

The modification which amended the initial conversion price to HK\$1.20 per conversion share was considered to be a substantial modification of the 2022 Convertible Bonds and accordingly the original 2022 Convertible Bonds were derecognised and the 2024 Convertible Bonds were recognised as a new financial liability. Fair value loss on the deferred "day 1" losses on 2022 Convertible Bonds of approximately HK\$26,993,000 was recognised in profit or loss during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. CONVERTIBLE BONDS – *Continued*

The issue of convertible bonds have been split between the liability and derivative components and the movements during the year are as follows:

	HK\$'000
Liability component at 1 January 2024	53,877
Interest expenses	4,354
Interest paid	(3,238)
Deferred “day 1” losses recognised on the 2022 Convertible Bonds	26,993
Reclassified to borrowings	(31,400)
Reclassified to accruals	(3,418)
Derecognised the 2022 Convertible Bonds	(47,100)
Issuance of the 2024 Convertible Bonds	47,407
Derivative component	(5,230)
Transaction cost related to liability component	(610)
Liability component at 31 December 2024 and 1 January 2025	41,635
Interest expenses	6,486
Interest paid	(3,853)
Liability component at 31 December 2025	44,268

	Liabilities HK\$'000
Derivative component at 1 January 2024	3,916
Derecognition and fair value loss of convertible bonds	(3,144)
Derivative component upon issuance of 2024 Convertible Bonds	5,230
Derivative component at 31 December 2024 and 1 January 2025	6,002
Fair value loss for the year	3,163
Derivative component at 31 December 2025	9,165

The interest charged for the year ended 31 December 2025 is calculated by applying an effective interest rate of 16.0% (2024: 15.0%) to the liability component.

As of the initial recognition of the 2024 Convertible Bonds, the directors of the Company, with the assistance of an external valuer, estimated that the fair value of the 2024 Convertible Bonds as at 27 December 2024 to be approximately HK\$47,407,000 by using the discounting cash flow method and binomial option pricing model to measure the liability component and derivative component respectively.

The directors of the Company estimated that the fair value of the liability component of the 2024 Convertible Bonds as at 31 December 2025 to be approximately HK\$44,621,000 (2024: HK\$42,211,000). This fair value has been estimated by discounting the future cash flows at the market interest rate and classified as level 3 fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. CONVERTIBLE BONDS – *Continued*

The derivative financial asset and derivative financial liability are embedded in the convertible bonds, which is the call option and the conversion option respectively. Each derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using binomial option pricing model (level 3 fair value measurement). The key assumptions adopted are as follows:

	31 December 2025	31 December 2024
Closing share price (HK\$)	0.79	0.51
Weighted average exercise price (HK\$)	1.20	1.20
Expected volatility	105.21%	95.55%
Expected life	0.99	1.99
Risk free rate	2.15%	3.29%
Expected dividend yield	Nil	Nil

32. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	7,318	5,959	6,958	5,711
In the second to fifth years, inclusive	5,806	1,842	5,662	1,793
	13,124	7,801	12,620	7,504
Less: Future finance charges	(504)	(297)	N/A	N/A
Present value of lease obligations	12,620	7,504	12,620	7,504

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.88% (2024: 3% to 5.13%).

Minimum lease payments are denominated in HK\$ and RMB, amounting approximately HK\$11,652,000 (2024: HK\$7,523,000) and HK\$1,472,000 (2024: HK\$278,000) respectively.

33. DEEMED DISPOSAL AND WRITTEN PUT OPTION LIABILITY

On 8 December 2023, the Company, Shanghai Longyao and 宜興環科園產發股權投資合夥企業(有限合伙) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) (the “**Yixing Huanke**”) entered into a capital injection agreement (the “**Capital Injection Agreement**”), pursuant to which, the Yixing Huanke had agreed to acquire approximately 5.35% effective shareholding in Shanghai Longyao through capital injection to Shanghai Longyao in the amount of RMB48,000,000.

As part of the Capital Injection Agreement, Yixing Huanke was granted a put option (“**Put Option**”), whereby Yixing Huanke can request Shanghai Longyao to repurchase all Yixing Huanke’s equity interest in Shanghai Longyao at its discretion under certain conditions at an exercise price of RMB48,000,000 (equivalent to approximately HK\$51,337,000) plus 6.0% interest per annum. The capital injection was completed on 19 February 2024. As a result of this transaction, a put option liability of approximately RMB33,383,000 (equivalent to approximately HK\$36,247,000) is recognised in the consolidated financial statement based on the present value of the exercise price of RMB48,000,000 plus 6% interest rate per annum, and on the assumption that the Put Option will be redeemable at 31 December 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. DEEMED DISPOSAL AND WRITTEN PUT OPTION LIABILITY – *Continued*

Upon the completion of the capital injection, Shanghai Longyao remains as a subsidiary of the Group.

The Group was deemed to have disposed of approximately 1.87% of Shanghai Longyao from 68.13% to 66.26% (the “**Deemed Disposal**”). A gain of approximately RMB44,297,000 (equivalent to approximately HK\$48,097,000) from the Deemed Disposal was recognised within equity in “other reserve”.

A written put option liability of approximately RMB33,383,000 (equivalent to approximately HK\$36,247,000) was initially recognised at its fair value in the consolidated statement of financial position, with a corresponding entry of the same amount recognised within equity “other reserve”. Its fair value is based on the present value of the exercise price of RMB48,000,000 (equivalent to approximately HK\$52,337,000) plus 6% interest rate per annum, by applying a discount rate of 15.79%, and on the assumption that the put option will be redeemable at 31 December 2027. The written put option liability was denominated in RMB and classified under non-current liabilities.

Gain on the Deemed Disposal for the year ended 31 December 2024 was calculated as follows:

	HK\$'000
Proceeds received from the capital injection	52,337
Less: recognition of non-controlling interest	(4,021)
Gain on the Deemed Disposal	48,316

Set out below is the summary of the impact on other reserves for the year ended 31 December 2024 in respect of the Deemed Disposal and the written put option liability:

	HK\$'000
Gain on the Deemed Disposal	48,316
Initial recognition of the written put option liability	(36,247)
	12,069

Net cash inflow from the Deemed Disposal of approximately HK\$52,337,000 represents proceeds received from the capital injection for the year ended 31 December 2024.

The movements for the written put option liability during the years are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	40,480	–
Recognition of written put option liability	–	36,247
Interest on written put option liability	6,537	5,200
Exchange difference	2,258	(967)
At 31 December	49,275	40,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. DEFERRED TAX

The following are the deferred tax liabilities recognised by the Group.

	Accelerated tax depreciation HK\$'000
At 1 January 2024	6,442
Credit to profit or loss for the year (note 12)	(1,212)
Exchange differences	(187)
At 31 December 2024 and 1 January 2025	5,043
Credit to profit or loss for the year (note 12)	(1,213)
Exchange differences	224
At 31 December 2025	4,054

At 31 December 2025, the Group has unused tax losses of approximately HK\$528,354,000 (2024: HK\$435,960,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. For the year ended 31 December 2025, included in unrecognised tax losses are losses of approximately HK\$24,990,000, HK\$82,676,000, HK\$36,703,000, HK\$43,683,000, HK\$5,283,000, HK\$28,594,000, HK\$15,014,000, HK\$25,691,000, HK\$5,293,000 and HK\$14,550,000 that will expire in 2035, 2034, 2033, 2032, 2031, 2030, 2029, 2028, 2027 and 2026 respectively. Other tax losses may be carried forward indefinitely.

35. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables	33,704	7,353
Accruals	27,388	20,353
Receipt in advance	2,983	1,986
Other payables	24,966	18,401
	89,041	48,093

The carrying amounts of the Group's trade payables are denominated in HK\$ amounted of approximately HK\$5,560,000 (2024: HK\$7,353,000) and Japanese Yen amounted of approximately HK\$28,144,000 (2024: nil).

The aging analysis of trade payables based on the date of invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	30,147	4,883
91 to 180 days	2,660	1,549
181 to 365 days	142	166
Over 365 days	755	755
	33,704	7,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	156,132	25,981
Other borrowings	88,401	80,047
Loan from a financial institution	6,000	–
Convertible loans (Note)	43,960	7,893
Loans from a controlling shareholder	43,519	24,772
	338,012	138,693
Analysed as:		
Current portion	195,931	138,693
Non-current portion	142,081	–
	338,012	138,693

Note:

Included in the convertible loans, an amount of approximately HK\$33,434,000 (equivalent to RMB30,000,000) represented a convertible loan that will be converted into shares in Dynamic Healthcare Holdings Limited (“Dynamic Healthcare”), an indirect wholly-owned subsidiary of the Company by Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市華大松禾生科一號私募創業投資基金合夥企業 (有限合夥)) (“BGI Songhe”).

On 11 July 2025, the Company together with Dynamic Healthcare and its subsidiary, Pengbo (Hainan) entered into convertible loan agreement, warrant agreement and investment agreement for investment by BGI Songhe. Under the investment, BGI Songhe shall advance a loan of RMB30,000,000 into Pengbo (Hainan) and Pengbo (Hainan) shall repay the loan of RMB30,000,000 to BGI Songhe upon completion of necessary filing with the relevant PRC government authorities in respect of overseas direct investment by PRC entities. BGI Songhe shall then subscribe for shares in Dynamic Healthcare. BGI Songhe will hold a maximum of 6.25% of the issued share capital of Dynamic Healthcare as enlarged by the issue of the warrant shares and the shares to be issued to Jiabao Zhongzhi (Hainan) Hospital Management Partnership (Limited Partnership) (“**Jiabao Zhongzhi**”) (the platform of the share award scheme of Pengbo (Hainan)). For details, please refer to the announcements of the Company dated 11 July 2025 and 8 September 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. BORROWINGS – Continued

(a) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	HK\$ HK\$'000	RMB HK\$'000	US\$ HK\$'000	Total HK\$'000
2025				
Bank borrowings	–	156,132	–	156,132
Other borrowings	20,800	52,686	14,915	88,401
Loan from a financial institution	6,000	–	–	6,000
Convertible loans	–	43,960	–	43,960
Loans from a controlling shareholder	17,500	24,230	1,789	43,519
	44,300	277,008	16,704	338,012
2024				
Bank borrowings	–	25,981	–	25,981
Other borrowings	9,000	39,647	31,400	80,047
Convertible loans	–	7,893	–	7,893
Loans from a controlling shareholder	–	22,983	1,789	24,772
	9,000	96,504	33,189	138,693

(b) The range of interest rates of the Group's borrowings for the year ended 31 December were as follows:

	2025	2024
Bank borrowings	LPR less 0.11% or 3.45% – 4.60%	LPR less 0.45% or 3.45% – 3.85%
Other borrowings	0% – 12%	6% – 12%
Loan from a financial institution	18%	N/A
Convertible loans	0%	0%
Loans from controlling shareholder	10% – 12%	10%

For the year ended 31 December 2025, bank and other borrowings, convertible loans, loan from a financial institution and loans from a controlling shareholder of approximately HK\$280,445,000 (2024: HK\$125,434,000) are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk of the Group.

Bank borrowings of HK\$5,572,000 (2024: HK\$13,259,000) are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk during the year ended 31 December 2025.

For the year ended 31 December 2025, convertible loans of HK\$43,960,000 (2024: HK\$7,893,000) and other borrowings of HK\$8,035,000 (2024: nil) are with zero interest rates, thus no exposure to fair value interest rate risk nor cash flow interest rate risk of the Group.

(c) The details of pledged assets and collaterals to the Group's borrowings are as follows:

As at 31 December 2025, bank borrowings and loan from a financial institution of HK\$147,087,000 are secured by a charge over the Group's construction in progress (note 19), land use rights (note 20) and the Group's property, plant and equipment (Note 19). As at 31 December 2024, bank borrowings of HK\$13,259,000 are secured by a charge over the Group's construction in progress (note 19) and land use right (note 20).

Other borrowings of HK\$4,876,000 (2024: HK\$5,301,000) are secured by a charge over the Group's property, plant and equipment (note 19), other receivables (note 26), intangible assets (note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. BORROWINGS – *Continued*

(d) The details of loan covenants of the Group's borrowing are as follows:

Certain Group's banking facilities are subject to the fulfillment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2025 (2024: same).

37. RETIREMENT BENEFIT OBLIGATIONS

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme or ORSO plan (see Note 16), with an overall cap of HK\$390,000 per employee. Currently, the group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition officially took effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP liability with respect to Hong Kong employees that participate in MPF Scheme. The Amendment Ordinance has no material impact on the Group's LSP liability with respect to employees that participate in the Group's ORSO plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. SHARE-BASED PAYMENTS

(a) Equity-settled share option scheme

The share option scheme adopted by the Company on 26 May 2014 (“**2014 Share Option Scheme**”) was expired on 26 May 2024 and a new share option scheme (“**2024 Share Option Scheme**”) was approved to be adopted by the shareholders of the Company on 6 June 2024. The 2024 Share Option Scheme will remain in force for 10 years from that date, unless otherwise terminated earlier by shareholders in a general meeting. As a result, the Company can no longer grant any further options under the 2014 Share Option Scheme.

The purpose of the 2024 Share Option Scheme is to provide incentive to the eligible participants, in order to promote the development and success of the business of the Group. The 2024 Share Option Scheme will give the eligible participants an opportunity to have a personal take in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of the Group. The eligible participants are employee participants, related entity participants and service providers. The 2024 Share Option Scheme became effective on 6 June 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon exercise of all share options (excluding share options which have lapsed) to be granted under the 2024 Share Option Scheme together with options and awards which may be granted under any other schemes of the Company must not in aggregate exceed 10% of the shares in issue on 6 June 2024 being the date of adoption of the 2024 Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2024 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options subject to the provision for early termination thereof.

Unless the directors otherwise determined and stated in the offer to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised. Save for certain prescribed circumstances in which the Board may in its discretion accelerate the vesting dates, a grantee is required to hold an option for a minimum of 12 months before it can be exercised.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares on the date of the offer, when applicable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. SHARE-BASED PAYMENTS – *Continued*

(a) Equity-settled share option scheme – *Continued*

Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of share options	Outstanding number of share option	
					2025	2024
			HK\$			
Directors and Consultants:						
2 September 2020	2 September 2020 to 1 September 2023	2 September 2023 to 1 September 2024	2.00	3,220,000	-	-
26 November 2020	26 November 2020 to 25 November 2023	26 November 2023 to 25 November 2024	2.20	1,670,000	-	-
6 January 2023	6 January 2023 to 5 January 2024	6 January 2024 to 5 January 2025	1.45	1,665,000	-	-
6 January 2023	6 January 2023 to 5 January 2025	6 January 2025 to 5 January 2026	1.45	1,665,000	-	-
6 January 2023	6 January 2023 to 5 January 2026	6 January 2026 to 5 January 2027	1.45	1,670,000	-	-
				9,890,000	-	-

If the options remain unexercised after a period of 4 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. SHARE-BASED PAYMENTS – *Continued*

(a) Equity-settled share option scheme – *Continued*

Details of the movement of share options during the years are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	–	N/A	9,890,000	1.76
Expired during the year	–	N/A	(4,890,000)	2.07
Granted during the year	–	N/A	–	N/A
Lapsed (other than expired) during the year	–	N/A	(5,000,000)	1.45
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

No options were outstanding as at 31 December 2025 and 2024.

These fair values were calculated using the binomial option pricing model. The inputs into the model are as follows:

	2 September 2020	26 November 2020	6 January 2023
Weighted average share price (HK\$)	1.53	1.43	1.1
Weighted average exercise price (HK\$)	2.00	2.10	1.45
Expected volatility	38.77% – 60.78%	40.52% – 54.91%	65.42% – 77.83%
Expected life	4 years	4 years	4 years
Risk free rate	0.26% – 0.28%	0.12% – 0.24%	3.70% – 4.01%
Expected dividend yield	Nil	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous four years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

No share-based payments were recognised for the year ended 31 December 2025. The Group recognised share-based payments of approximately HK\$304,000 for the year ended 31 December 2024 in relation to the share options granted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. SHARE-BASED PAYMENTS – *Continued*

(b) Share award scheme

The Company operates a share award scheme (the “**Share Award Scheme**”) for the purpose of providing incentives and rewards (“**Award Shares**”) to selected participants who contribute to the success of the Group’s operations. Selected participants include the employees, officers, directors and consultants of the Company and the Company’s subsidiaries. The Share Award Scheme became effective on 18 August 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Pursuant to the rules of the Share Award Scheme, the Company shall not make any further grant of Award Shares which will result in the number of shares granted under the Share Award Scheme exceeding 10% of the total number of issued Shares as at 18 August 2021. The maximum number of Award Shares that may be granted under the Share Award Scheme to a Selected Participant shall not exceed 1% of the total number of issued Shares as at 18 August 2021.

A trust is constituted by the trust deed entered by the Company and a trustee (the “**Trustee**”) appointed to service the Share Award Scheme.

The Board may, from time to time, select any eligible person to participate in the Share Award Scheme, make an offer to the selected participants and grant Award Shares to such selected participants which are to be satisfied by (i) the new Shares to be subscribed by the Trustee under the Company’s available general mandate on the relevant grant date or under a specific mandate approved or to be approved by the shareholders; or (ii) the existing Shares received by the Trustee from any shareholder of the Company; or (iii) purchased by the Trustee in the open market (either on-market or off-market) as directed by the Board.

The Board may, from time to time, subject to all applicable laws, determine vesting criteria and conditions or periods for the Award Shares to be vested.

The Trustee shall not exercise the voting rights in respect of any shares held by it under the Share Award Scheme.

During the year ended 31 December 2025 and 2024, no shares were purchased by the Trustee and shares were awarded by the Company under the Share Award Scheme.

As at 31 December 2025 and 2024, 7,038,000 shares of the Company were held by the Trustee under the Share Award Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	1 January 2025 HK\$'000	Entering into new bonds/ leases HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	Exchange difference HK\$'000	Non-cash transaction HK\$'000 <i>(note 39(c))</i>	31 December 2025 HK\$'000
Convertible bonds <i>(note 31)</i>	41,635	-	(3,853)	6,486	-	-	44,268
Borrowings <i>(note 36)</i>	138,693	-	184,074	14,008	11,115	(9,878)	338,012
Lease liabilities <i>(note 32)</i>	7,504	13,368	(8,833)	536	45	-	12,620
	187,832	13,368	171,388	21,030	11,160	(9,878)	394,900

	1 January 2024 HK\$'000	Entering into new bonds/ leases HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	Exchange difference HK\$'000	Non-cash transaction HK\$'000 <i>(note 39(c))</i>	31 December 2024 HK\$'000
Convertible bonds <i>(note 31)</i>	53,877	46,797	(3,238)	4,354	-	(60,155)	41,635
Borrowings <i>(note 36)</i>	30,963	-	76,691	-	(361)	31,400	138,693
Lease liabilities <i>(note 32)</i>	15,556	4,293	(9,029)	638	(20)	(3,934)	7,504
	100,396	51,090	64,424	4,992	(381)	(32,689)	187,832

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	1,140	1,665
Within financing cash flows	8,833	9,667
	9,973	11,332

These amounts relate to the following:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	9,973	11,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *Continued*

(c) Major non-cash transactions

During the year ended 31 December 2024, US\$6,000,000 (equivalent to fair value of 2024 Convertible Bonds approximately HK\$47,100,000) of the total subscription amount from 2024 Convertible Bonds was satisfied by the bondholder by way of set-off on a dollar-to-dollar basis against the amount of US\$6,000,000 of the 2022 Convertible Bonds.

On the same date, the Group and the Bondholder have mutually agreed to extend the repayment of the principal amount of US\$4,000,000 together with all unpaid interest accrued of the 2022 Convertible Bonds to 27 January 2025. Based on the nature and repayment terms, management has reclassified US\$4,000,000 principal portion to “Borrowings” and accrued interest of HK\$3,418,000 was reclassified to “Accruals”.

During the year ended 31 December 2025, accrued interest of HK\$9,878,000 was classified to “Accruals”.

40. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group did not have any significant contingent liabilities.

41. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	90,866	122,560

42. OPERATING LEASE ARRANGEMENTS

The Group as lessee regularly entered into short-term leases for its office, staff quarter and car park. As at 31 December 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20. As at 31 December 2025, no operating lease commitments relating to short-term leases for office (2024: HK\$76,000).

43. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 HK\$'000	2024 HK\$'000
Service income received from a non-controlling shareholder of a subsidiary	4,250	2,533
Loan interest expenses paid to a controlling shareholder	3,116	1,068
Purchase of kits for performing lung and colon cancer testing from a non-controlling shareholder of a subsidiary	–	21
Purchase of kits and subcontract service for performing lung and colon cancer testing from related parties of a non-controlling shareholder of a subsidiary	286	129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

43. RELATED PARTY TRANSACTIONS – *Continued*

- (b) The remuneration of directors and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	7,323	6,200
Equity-settled share-based payments	–	304
Retirement benefits scheme contributions	18	18
	7,341	6,522

- (c) The ultimate holding company provided guarantee to the subscriber of the Group's 2024 convertible bond of approximately HK\$44,268,000 as at 31 December 2025 (2024: nil).
- (d) Mr. Liu Xiaolin, the beneficial owner and executive director of the Group, has provided personal guarantee to secure bank and other borrowings to the Group amounting approximately HK\$173,406,000 (2024: HK\$34,461,000).

44. EVENTS AFTER THE REPORTING PERIOD

On 20 February 2026, convertible bonds in the aggregate principal amount of USD35,000,000 (the "2026 Convertible Bonds") were issued by the Company to Wealth Strategy Holding Limited (the "Subscriber") pursuant to the conditional subscription agreement dated 29 December 2025 entered into between the Company and the Subscriber. The maturity date of the 2026 Convertible Bonds is 20 February 2030. For details, please refer to the Company's circular and announcement dated 22 January 2026 and 20 February 2026 respectively.

As a result of completion of the issue of the 2026 Convertible Bonds on 20 February 2026 and in accordance with the terms and conditions of the 2024 Convertible Bonds, the conversion price of the 2024 Convertible Bonds is adjusted from HK\$1.20 per Share to HK\$1.11 per Share and the maximum number of Shares to be issued by the Company upon conversion of the 2024 Convertible Bonds in full is 42,432,432 Shares, with effect from 20 February 2026, being the date of completion of the issue of the 2026 Convertible Bonds. Save for such adjustment, all other terms of the 2024 Convertible Bonds remain unchanged. For details, please refer to the Company's announcement dated 20 February 2026.

FIVE YEAR FINANCIAL SUMMARY

Results

	For the ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Turnover	623,761	1,851,532	211,985	70,509	73,503
Cost of sales	(265,741)	(750,575)	(177,661)	(75,449)	(65,777)
Gross profit/(loss)	358,020	1,100,957	34,324	(4,940)	7,726
Net gain on financial assets at fair value through profit or loss	489	2,707	-	-	-
Other income, gains/(losses)	225	4,639	(3,989)	5,800	23,558
(Allowance for)/reversal of impairment loss on financial assets, net	(251)	(1,714)	(5,057)	(684)	30
Selling and distribution expenses	(11,724)	(13,726)	(14,610)	(11,774)	(8,314)
Administrative expenses	(157,081)	(241,156)	(138,342)	(131,450)	(75,330)
Profit/(loss) from operations	189,678	851,707	(127,674)	(143,048)	(52,330)
Finance costs	(6,543)	(3,495)	(5,311)	(16,922)	(19,473)
Gain/(loss) on disposal/deregistration of subsidiaries	-	1,696	(26)	-	-
Loss on disposal of a joint venture	-	-	(2)	-	-
Gain on fair value change of contingent consideration	2,141	23,658	-	-	-
Loss on extension and redemption of convertible bonds	(2,687)	(3,707)	-	-	-
(Loss)/gain on fair value change of convertible bonds and derivative financial instrument	(1,921)	(1,137)	18,336	(24,156)	(3,163)
Share of loss of a joint venture	-	(4,180)	(7,678)	-	-
Impairment loss on goodwill	-	(1,716)	-	-	-
Impairment loss on intangible assets	-	-	-	(13,374)	-
Impairment loss on property, plant and equipment	-	-	(16,186)	(52,713)	-
Impairment loss on right-of-use assets	-	-	(3,484)	(2,584)	(6,731)
Profit/(loss) before tax	180,668	862,826	(142,025)	(252,797)	(81,697)
Income tax (expense)/credit	(48,096)	(157,258)	1,319	943	856
Profit/(loss) for the year	132,572	705,568	(140,706)	(251,854)	(80,841)
Profit/(loss) for the year attributable to:					
Owners of the Company	19,385	258,087	(95,447)	(198,146)	(68,778)
Non-controlling interests	113,187	447,481	(45,259)	(53,708)	(12,063)
Profit/(loss) for the year	132,572	705,568	(140,706)	(251,854)	(80,841)

FIVE YEAR FINANCIAL SUMMARY

Assets and liabilities

	As at 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Total assets	706,782	1,470,491	662,362	529,955	702,575
Total liabilities	(240,887)	(643,971)	(171,636)	(287,567)	(546,830)
Total equity	465,895	826,520	490,726	242,388	155,745
Non-controlling interests	(70,497)	(223,845)	(27,972)	22,554	35,665
Equity attributable to owners of the Company	395,398	602,675	462,754	264,942	191,410