PuraPharm

2025 ANNUAL REPORT
年度報告

PuraPharm Corporation Limited
培力農本方有限公司
Stock code 股票代號：1498

CONTENTS

PuraPharm Corporation Limited
– 2025 Annual Report

Corporate Information

PuraPharm Corporation Limited
– 2025 Annual Report


PuraPharm

Corporate Information

PuraPharm Corporation Limited
– 2025 Annual Report

EXECUTIVE DIRECTORS

Mr. Chan Yu Ling, Abraham *(Chairman)*
Ms. Man Yee Wai, Viola
Dr. Tsoi Kam Biu, Alvin
(appointed on 30 June 2025)

NON-EXECUTIVE DIRECTOR

Mr. Leung Stephen Kwok Keung
Mr. Dong Zimeng
(appointed on 30 October 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Leung Lim Kin, Simon
Prof. Tsui Lap Chee
Mr. Ho Kwok Wah, George
(resigned on 4 July 2025)
Dr. Hung Ting On, John
(appointed on 29 August 2025)

AUDIT COMMITTEE

Dr. Leung Lim Kin, Simon
Prof. Tsui Lap Chee
Mr. Ho Kwok Wah, George *(Chairman)*
(resigned on 4 July 2025)
Dr. Hung Ting On, John *(Chairman)*
(appointed on 29 August 2025)

NOMINATION COMMITTEE

Mr. Chan Yu Ling, Abraham *(Chairman)*
Ms. Man Yee Wai, Viola
(appointed on 30 June 2025)
Prof. Tsui Lap Chee
Dr. Leung Lim Kin, Simon
(appointed on 30 June 2025)
Mr. Ho Kwok Wah, George
(resigned on 4 July 2025)
Dr. Hung Ting On, John
(appointed on 29 August 2025)

REMUNERATION COMMITTEE

Dr. Leung Lim Kin, Simon *(Chairman)*
Prof. Tsui Lap Chee
Mr. Ho Kwok Wah, George
(resigned on 4 July 2025)
Dr. Hung Ting On, John
(appointed on 29 August 2025)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Tsoi Kam Biu, Alvin *(Chairman)*
(appointed on 30 June 2025)
Mr. Siu, Anthony (appointed on 9 April 2025)
Mr. Kwong Kar Fai
Ms. Zhou Jian
Dr. Norimoto Hisayoshi *(Chairman)*
(resigned on 30 June 2025)

COMPANY SECRETARY

Ms. Chan Charmayne, *ACG (CS, CGP), HKACG (CS, CGP)*

AUTHORIZED REPRESENTATIVES

Mr. Chan Yu Ling, Abraham
Ms. Chan Charmayne, *ACG (CS, CGP), HKACG (CS, CGP)*

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

ONC Lawyers (As to Hong Kong law)
Appleby (As to Cayman Islands law)

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1-1205, Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 201-207, 2/F.
Wireless Centre, Phase One
Hong Kong Science Park
Tai Po, New Territories, Hong Kong

HONG KONG SHARE REGISTRAR

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

CAYMAN ISLANDS SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

SHARE INFORMATION

Date of listing: 8 July 2015
Place of incorporation: Cayman Islands
Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1498
Board lot: 500 shares
Financial year end: 31 December

COMPANY'S WEBSITE

www.purapharm.com

Directors, Board Committees and Senior Management


現代科研
農本方®
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紅參
- 源藥材系列 -

Directors, Board Committees and Senior Management

PuraPharm Corporation Limited
– 2025 Annual Report

BOARD OF DIRECTORS (THE "BOARD")

Executive Directors

Mr. Chan Yu Ling, Abraham (陳宇齡), aged 65, is the founder, Chairman, Chief Executive Officer and Executive Director. He is responsible for the overall strategic planning and operations of the Group's business. He also leads the Group's research development and technological development functions. Mr. Chan has over 30 years of extensive experience in Chinese medicine and healthcare products. He is the vice chairman of the Chinese Medicine Granule Professional Committee of the China Association of Traditional Chinese Medicine, director of TCM All-Sector Hong Kong Centre, director of the Chinese Herbs Trade Cooperation Centre of "Hunan-Jiangxi-Guangdong-Hong Kong-Macao TCM All-Sector Coordinated Development Alliance", a committee member of Chinese Medicine Hospital Project office – User Sub-groups (IT & Communications). In 2016, he was awarded Directors of The Year Awards 2016 by The Hong Kong Institute of Directors. Mr. Chan graduated from the University of Toronto in Canada with a Bachelor's Degree in Applied Sciences. He was accredited as a Chartered Engineer in the United Kingdom and was accredited as a Professional Engineer in Ontario, Canada. He is the spouse of Ms. Man Yee Wai, Viola, an Executive Director.

Ms. Man Yee Wai, Viola (文綺慧), aged 60, is an Executive Director and has been with the Group since its founding in 1998. She is responsible for corporate and brand strategies, and the overall strategic planning of the Group's business. Ms. Man was the Key Account Manager and Group Product Manager of Nestle China Limited and the Consumer Marketing Manager of Coca–Cola China Ltd. and has over 20 years of experience in strategic planning, brand management, consumer and industrial marketing, key account management and new product development. Ms. Man was the Chairman (2012/13) of Tung Wah Group of Hospitals ("TWGHs"), one of the largest charitable organisations principally engaged in the provision of medical and health services, education and community services in Hong Kong and was a member of the Advisory Board of TWGHs (2013/14). Ms. Man was the Founding Chairman of the Board of Governors and College Council of Tung Wah College, and is the Council Chairman of Tung Wah College from 2010 to 2023. She is a co–opted member of Community Care Fund Task Force of the Commission on Poverty and a fellow of Hong Kong Institute of Directors. She is a member of the HK Constitution and Basic Law Promotion Steering Committee (2017 to 2023), an appointed member of the Board of Stewards of the Education University of Hong Kong (2015 to 2024), a member of the Council of the Education University of Hong Kong (2013 to 2019) and a member of the Betting and Lotteries Commission (2013 to 2019). Ms. Man was a member of the Advisory Committee of the School of Chinese Medicine of Hong Kong Baptist University (2010 to 2016), and a member of the Risk Communication Advisory Group of the Centre for Health Protection of the Health Department (2013 to 2016). Ms. Man is a member of the 11th and 12th Chinese People's Political Consultative Conference of Sichuan Province. She was awarded the Bronze Bauhinia Star by the Chief Executive of Hong Kong SAR in 2013. Ms. Man obtained her Bachelor's Degree in Science from The University of Western Ontario, Canada and her Master's Degree in Business Administration from The University of Windsor in Canada. She is the spouse of Mr. Chan Yu Ling, Abraham, the Group's Chairman, Chief Executive Officer and Executive Director.

Dr. Tsoi Kam Biu, Alvin (蔡鑑彪), aged 69, is an Executive Director. Dr. Tsoi has over 40 years of experience in sales management and Chinese medicine and healthcare products. Dr, Tsoi is a consultant in The Hong Kong T. C. M. Orthopaedic and Traumatic Association Ltd. He is also an Honorary President and a consultant of The Association of Hong Kong and Kowloon Practitioners of Chinese Medicine Limited. Dr. Tsoi is a listed Chinese Medicine Practitioner under the Chinese Medicine Practitioners Board of the Chinese Medicine Council of Hong Kong. Dr. Tsoi received his Doctorate Degree in Dental Medicine from De Ocampo Memorial College in the Philippines and obtained a Bachelor's Degree in Chinese Medicine from the Chinese Medical Research Institute of the Association of Hong Kong and Kowloon Practitioners of Chinese Medicine Limited.

Dr. Tsoi was appointed as Director of the Company on 2 December 2011 and was re-designated as an executive Director on 22 April 2014. He resigned on 28 May 2021 due to personal reason.

Non-executive Director

Mr. Dong Zimeng (董子銘), aged 40, is a seasoned finance professional with 17 years of extensive experience in domestic and international capital market investment, mergers and acquisitions, fund management, and corporate operations. Mr Dong's expertise is in domestic and international investment and mergers and acquisitions, corporate overseas financing, and Initial Public Offering (IPO), as well as in Hong Kong capital market's business operations and regulatory framework. Since September 2024, Mr. Dong has been the managing partner and the responsible officer of Providence Capital Group Limited, a corporation licensed to carry out type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the "SFO"), where he is mainly responsible for overseeing the company operations, formulating corporate strategies and managing investments. From August 2021 to September 2024, Mr. Dong served as president of the Shenzhen Capital International Co., Ltd., an investment company which is owned by Shenzhen State Owned Assets Supervision and Administration Commission, where he headed the overall management and daily operation. From September 2015 to August 2021, Mr. Dong was the president of Co-High Asset Management Co., Ltd. and the chairman of Co-High Asset Management (Shenzhen) Co., Ltd., where he led the overall strategic direction of the companies.

Mr. Dong was awarded a Master of Science in Applied Bioengineering and a Bachelor of Engineering in Electronic Information Engineering from University of Warwick, the United Kingdom in 2008 and 2006, respectively.

Mr. LEUNG Stephen Kwok Keung, aged 69, has over 35 years of extensive experience in management, marketing and strategic planning. Mr. Leung started his distinguished career at Pfizer Hong Kong, the country office of Pfizer Inc. ("Pfizer") as a sales representative in 1983 and was transferred to Pfizer Australia as a Product Manager in 1986. In 1991, he was promoted to the Pfizer's New York Headquarters as an International Marketing Manager. In 1994, Mr. Leung was transferred back to Pfizer Australia as a Sales Manager and then Disease Management Manager before returning to Hong Kong as a Country Manager of Pfizer Hong Kong in 1997. Mr. Leung then retired from Pfizer in March 2022.

Under his leadership, Pfizer Hong Kong has won the prestigious HKMA Quality Gold Award, Outstanding Corporate Citizenship Gold Award and Best Companies to Work for in Asia.

Over the decades, Mr. Leung has been actively serving the Hong Kong community in various capacities including (i) the Chairman of the School of Pharmacy Advisory Board and member of Consultative Committee of the School of Nursing in The Chinese University of Hong Kong; (ii) member of the Incorporated Management Committee in The Hong Kong Management Association K S Lo College; (iii) council members of various associations including The Hong Kong Management Association (the "HKMA") and Hong Kong College of Health Service Executives ("HKCHSE"); and (iv) ex-member of each of the Advisory Council on Food and Environmental Hygiene, and Council on Human Reproductive Technology in Hong Kong.

Mr. Leung is also a Fellow of each of the HKMA, HKCHSE, CPP and The Australasian College of Health Service Management. Mr. Leung was honoured with the Asia Coaching Leadership Excellence Award in 2015, the Leader of the Year Award in 2016 and the Exemplary Leader Award in 2021, recognizing his visionary leadership and unremitting contribution to the industry.

Mr. Leung received a bachelor's degree in pharmacy from John Moore University in the United Kingdom and a master's degree in business (marketing) from The University of Manchester Institute of Science and Technology in the United Kingdom in 1979 and 1982 respectively. He is also a registered pharmacist in Hong Kong and the United Kingdom as well as a certified executive coach with the Worldwide Association of Business Coaches and the International Coaching Federation.

Independent Non-executive Directors

Dr. Hung Ting On, John (洪廷安), aged 64, was a senior partner of Deloitte Asia Pacific stationed in Shanghai and has over 40 years of working experience in the field of audit, accounting and finance. Dr. Hung joined the London office of Deloitte in 1988 and was trained as a chartered accountant. Dr. Hung was admitted as a partner of Deloitte China in 1996. He has extensive experience in conducting financial audits, leading IPO projects, conducting financial due diligence, advising on merger and acquisitions and risk management. He served in various management roles in his career with Deloitte including the vice chairman of Deloitte China, the chairman of Deloitte Consulting China, the chairman of Global Chinese Services Group, member of the governing board of Deloitte China from 2008 to 2016 and from 2018 to 2020. He is currently the regional chair of Warwick Business School Alumni programme in China and Hong Kong and he sits on the advisory board of Warwick Business School. Prior to joining Deloitte, Dr Hung practiced as a civil and structural engineer for five years in Hong Kong and London. He was one of the Confederation of British Industry Overseas Scholars in Civil Engineering in 1985.

Dr. Hung was awarded a Doctor of Laws (honoris causa) in 2023 and obtained a Master of Business Administration (1987) from the University of Warwick in the United Kingdom. He possesses an associateship in civil and structural engineering from the Hong Kong Polytechnic University. He is a fellow member and past president of China Chapter of the Institute of Chartered Accountants in England and Wales. He is also a fellow member and former Shanghai President of the Australia CPA.

Dr. Leung Lim Kin, Simon (梁念堅), aged 71, is an Independent Non-executive Director. Dr. Leung has more than 30 years of extensive experience in both the information technology and telecommunications industries. Dr. Leung is currently a member of the Ivey Asia Advisory Board of the Richard Ivey School of Business, University of Western Ontario, where he is primarily responsible for advising the school on its mission and strategy in Asia. He is also currently a member of the College Council of Tung Wah College, where he is primarily responsible for determining key governance issues. In 2005, he was appointed as the president of Motorola Asia-Pacific. Since 2008, Dr. Leung has been the Chief Executive Officer of Microsoft Greater China region. From 2009 to 2010, he was the Governor of the Upper Canada College. In 2012, Dr. Leung was appointed as Chief Executive Officer of Harrow International Management Services Limited. Since March 2015, Dr. Leung is appointed as the vice chairman and executive director of NetDragon Websoft Holdings Limited (stock code: 777) and the Chairman of its subsidiaries including Promethean World Limited, Edmodo, Inc., Cherrypicks and JumpStart Games, Inc., responsible for the overall strategic layout, direction of technical products and international business operation of all the education-related business of the company. Since May 2021, Dr. Leung has been appointed to be a non-executive director of Modern Times Group (Stock Code: 'MTG A' and 'MTG B'), a company listed on Nasdaq Stockholm. In addition, Dr. Leung is also the Chairman of Mynd.ai Inc. since December 2023 (Stock Code: MYND), a company listed on NYSE American. From 2010 to 2015, Dr. Leung was a member of the International Advisory Committee of The Hong Kong Polytechnic University. Dr. Leung received his bachelor's degree in arts from the University of Western Ontario in Canada, an honorary doctorate in laws from the University of Western Ontario in Canada and a doctorate degree of business administration from the Hong Kong Polytechnic University.

Prof. Tsui Lap Chee (徐立之), aged 75, is an Independent Non-executive Director. He is University Professor Emeritus at University of Toronto, Ontario, Canada. He is also an Independent Non-Executive Director of Hang Lung Group Limited (stock code: 0010). Prior to joining the Purapharm Group, he was the Vice Chancellor of the University of Hong Kong. Prof. Tsui has over 40 years of experience in human genetic disease and genomics research, reflected in his over 300 peer-reviewed scientific publications and 65 invited book chapters. He was the recipient of many national and international prizes, as well as 16 honorary doctoral degrees from universities around the world. He was appointed as the Justice of the Peace in 2006 and awarded the Gold Bauhinia Star and the Grand Bauhinia Medal by the Chief Executive of Hong Kong SAR in 2011 and 2016, respectively. He received a Doctor of Philosophy Degree from University of Pittsburgh in the U.S.A.

Senior Management

Mr. Shi Gang (石鋼), aged 70, is the Vice President of Greater China. Mr. Shi joined our Group as the Chief representative of the Beijing representative office and Vice President of the Greater China region in October 2004. He is mainly responsible for liaising with government departments in the PRC with respect to our Group's operation, liaising with the China Food and Drug Administration at the provincial level, obtaining sales approval and monitoring the relevant policies and regulations in the PRC. Prior to joining our Group, Mr. Shi was appointed as the Chief representative of Ryoden (Holdings) Limited (菱電(集團)有限公司) in 1992, a company principally engaged in the elevator business, where he was primarily responsible for human resources and operational management of the Beijing representative office, as well as liaising with government departments and leaders in Beijing on behalf of the board of directors of Ryoden (Holdings) Limited (菱電(集團)有限公司). Mr. Shi was accredited as an electrical engineer in the PRC by The Ministry of Science and Technology of the PRC (中華人民共和國國家科學技術委員會) in November 1994. Mr. Shi received his Bachelor's Degree in journalism from Beijing Renwen University (北京人文大學) (formerly known as Beijing Renwen Hanshou University (北京人文函授大學)) in May 1987. He completed the Beijing Foreign Investment Enterprise senior management training course (北京市外商投資企業中方高級管理人員培訓班) and the Beijing Foreign Investment Enterprise personnel management training course (北京外商投資企業人事管理培訓) organised by the Beijing Personnel Bureau (北京市人事局) in December 1994 and November 1994, respectively.

The executive Directors also act as the senior management responsible for the day-to-day operations and management of the business of the Group. For the biographical details of Mr. Chan, Ms. Man and Dr. Tsoi, please refer to "Board of Directors – Executive Directors" in this section.

Corporate Milestones

PuraPharm Corporation Limited
2025 Annual Report

Corporate Milestones

PuraPharm Corporation Limited
– 2025 Annual Report

The following is a summary of key business development milestones of PuraPharm Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "PuraPharm"):

1998
- The Group was founded by Mr. Chan Yu Ling, Abraham.

2002
- In recognition of the Group's research and development expertise, the Group was selected by the National Administration of Traditional Chinese Medicine to undertake the Concentrated Chinese Medicine Granules (the "CCMG") combination formulation research project to review and advise on the use of CCMG combo formulae products in China.

2004
- The Group was selected as one of the six pilot manufacturers and also the only non-PRC company that is licensed by the China Food and Drug Administration (the "CFDA") to manufacture and sell CCMG products in China.


国家食品药品监督管理局文件

- The Group became a CCMG product supplier of the majority of Hong Kong hospitals and healthcare institutions with Traditional Chinese Medicine (the "TCM").
- The Group began to sell its CCMG products to mobile clinics operated by non-profit organisation customers.

2009
- The Group's testing laboratory was certified by the China National Accreditation Service for Conformity Assessment (the "CNAS"), an international multilateral recognition system that is equivalent to an accreditation in accordance with the ISO 17025 standards.
- The Group's ONCO-Z coriolus versicolor extract, the sole ingredient of one of the Group's Chinese healthcare products, Oncozac® (安固生®), was verified by the United States Pharmacopoeia (the "USP") as dietary ingredient and became the world's first TCM ingredient verified by the USP. The USP medicine standards are widely recognised as one of the most strict quality control standards for assessment of the identity, strength, quality, and purity of medicines.

2010
- The Group obtained Good Manufacturing Practice (the "GMP") certifications from the Australia Therapeutic Goods Administration (the "TGA"), which is widely regarded as the most stringent certification standard in the world.


Certificate of GMP Compliance of a Manufacturer

2011
- The Group was recognised as "Top Five Companies of Proprietary Chinese Medicine Exports 2011".

2014
- The Group's Radix Astragali (黃芪) Formula Granules was verified by the USP Dietary Ingredient Verification Program.
- Nong's® (農本方®) was awarded "Hong Kong Top Brand Awards" issued by the Hong Kong Brand Development Council.

2015

- The shares of the Company (the "Shares") were listed on the Main Board of the Stock Exchange on 8 July 2015 (the "Listing Date").

- The 30th Nong's® (農本方®) clinic was opened in Hong Kong.

2016

- The Group operated the first Nong's® (農本方®) clinic in Canada.

- The Group signed a cooperation agreement with the Chinese University of Hong Kong ("CUHK") and Hong Kong Baptist University ("HKBU") on the first new drug with integrative research successfully obtaining clinical trial for drug approval by CFDA.

- The Group commenced operations of the first private integrated Chinese and western medical centre for mammary gland disease in Hong Kong which was also the 50th Nong's clinic.

- Nong's clinic became the largest Chinese medicine clinic chain in Hong Kong.

2017

- In March, the Group acquired K'an Herb Company, Inc. ("KAN"), a company located in California, USA, and principally engaged in the manufacturing of Chinese herbal formulas in the U.S. and sales to distributors and healthcare practitioners in the U.S. and Europe.

- In April, PuraPharm acquired the entire equity interest of two companies in Guizhou province, China, namely Gold Sparkle (Guizhou) HZ Plantation Co., Ltd. and Gold Sparkle (Guizhou) Chinese Medicine Co., Ltd.

- In August, PuraPharm acquired SODX Co., Ltd. ("SODX"), a Japan-based company that engages in the manufacturing and sales of health food in Japan. Upon the acquisition SODX's factory will serve as a pilot factory to transfer the latest technological know-how from Japan to further improve PuraPharm's products' quality and production efficiency, and to act as the Group's new product development centre for business expansion.

2018

- The Group moved forward into 2nd phase of clinical trial process on Ren Shu Chang Le Granules (仁朮腸樂顆粒) for the treatment of irritable bowel syndrome (治療腸易激綜合症).

- Nong's® (農本方®) was awarded "Hong Kong Pharmacy's Top 20 Most Popular Brand Award" issued by H.K. General Chamber Of Pharmacy.

2019

- PuraPharm was awarded the highest honour of "Invotech Firestarters Platinum Award 2019" by Invotech, set up by the Business and Professionals Federation of Hong Kong, for the Group's achievements in promoting innovation and entrepreneurship in Chinese Medicine.

- PuraPharm's Business & Innovation Centre, a newly established unit commissioned to nurture innovation within the Group, to initiate new products and business, and to steer and drive projects to product launch in the market place was installed.

- Nong's® introduced a new look, and a more convenient and consumer-friendly packaging design, to its range of Nong's OTC Formula products.

- Nong's® launched a new range of ten OTC Chinese Medicine Capsules products, targeted for consumers' general relief, overall health and wellbeing.

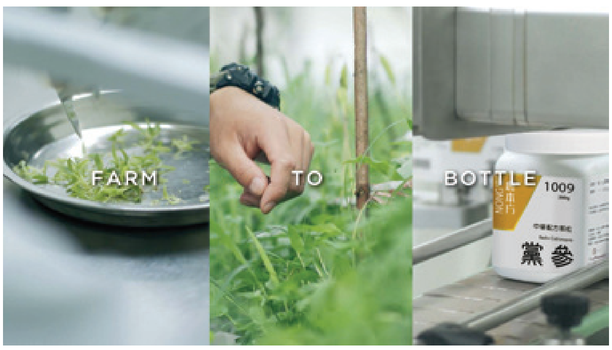
2020

- In February 2020, through the contingency application procedure, Guangxi Zhuang Autonomous Region Food and Drug Administration ("GXFDA") of the PRC has approved and authorised PuraPharm Nanning to manufacture Qing Fei Pai Du Tang (清肺排毒湯) and Kang Fu Yi Hao Fang (康復1號方) granules, used for the treatment of patient who contacted COVID-19 pandemic.

- The Group has completed the Rights Issue of HK$98 million net proceeds in March 2020, which further strengthened the capital base and the financial position of the Group.

- The Group launched an immunity boosting product, Immuzac+™, an enhanced version of Immuzac® fortified with vitamin C and manufacturing in Japan.

- The Group launched the Nong's cinematic brand TVC in March 2020.



- The Group has revamped a new research and development centre in Nanning, to enhance the Group's research and development capability for innovative products development, and preparation for the upcoming national CCMG standardization in China.

- The Group has completed phase one of new production facility in Nanning, which composed of 3 modernised warehouse buildings with total gross floor area of 25,079 square metres in aggregate, as a central hub for supply chain.

2021

- In July 2021, the Group's full range of Nong's® Chinese medicine clinics launched the 3rd generation cloud-based Chinese Medicine Clinic Management system, the Traditional Chinese Medicine Advisor (TCMA 3.0) offering instant database synchronization and real time patients' information accessibility, resulting in more timely, more convenient and more accessible Chinese medicine diagnosis and treatment services. The cloud-based consultation and management system is interfaced with a consultation analytics platform enabling evidence-based research and big data analytics of Chinese medicine consultation and prescription cases, providing a brand new experience to traditional Chinese medicine practitioners and users.

- In August 2021, the Company changed the dual foreign name in Chinese from "培力控股有限公司" to "培力農本方有限公司".

- In December 2021, the Group was awarded the InnoESG Prize Series – ESG Care Prize 2021 by the Society Next Foundation, recognizing the Group's contribution to creating a more sustainable society and a more eco-friendly environment.

2022

- The Group set up a brand new flagship store in Central, the largest "NONG's Central Affiliated Clinics Grade Acupuncture Center (農本方中環特約診所級針灸中心)" in Hong Kong, to provide modern Chinese medicine consultation services to meet the needs of the public.

- To support the development of the Greater Bay Area, the Group opened chain stores under franchise in the Greater Bay Area to explore new opportunities in cross-border e-commerce in the Greater Bay Area.

- In line with the concept of "homology of medicine and food", the Group has been actively developing innovative healthcare products, applying the theory of "four natures" and "five flavours" in Chinese medicine to food, and "Nong's® (農本方®)" has launched the new "indigenous herbs" through modern research.

2023

- PuraPharm® Nong's® approaches its 25th Anniversary in 2023, and sponsored the TV Chinese medicine drama "Let Me Take Your Pulse". The drama was a 25-episode series over a 6-week period broadcasted on Television Broadcasts Limited (TVB) from 11 September 2023 to 13 October 2023. The Best TV Actress Award winner and a popular and upcoming actor who won the Most Improved TV Male Artist were the leading actress and actor of the drama. The TV series followed the lives of a group of young Chinese Medicine Practitioners (CMP's) and their life journey in healing themselves and others. The drama brought out positive and educational messages about Chinese medicine.

Nong's® hopes to increase the awareness of the category of Concentrated Chinese Medicine Granules (CCMG) among the public and correct any misconceptions or misbeliefs about CCMG, its production, quality, usage and efficacy among the audience. The drama has attracted very positive impact and feedback mong our customers, mostly Chinese medicine practitioners (CMP's), as well as the general public. The improved professional and scientific image of Nong's® has also led to an increased confidence in Nong's® among patients, as well as a gradual behavioural change among patients who used to visit only western doctors before but are now more receptive to visiting CMP's when they feel sick or at the onset of some simple medical symptoms.

- The Group launched a new range of Nong's® Instant Herbal Drinks (Self-Heal Plant, Monk Fruit and Wolfberry) with a new TV Commercial in September 2023. The instant herbal drinks range targets to the younger audience and was distributed in key drug store chains and convenience stores. Product demonstrations were being arranged in Japanese supermarkets and high end supermarkets.

- Oncozac® launched a TV Commercial "Living with Cancer" and featured 8 real life touching stories of cancer patients, hoping to give hope and positivity to those who are going through their journey battling against cancer. The TV Commercial won the Finalist Award at the Cannes Film Festival 2023, under the Corporate Media & TV Awards Section. The TV Commercial increased awareness for the Oncozac® brand and helped to recruit new customers for Oncozac®. PuraPharm's® Yunzhi supplement containing the United States Pharmacopeia (USP)-verified ingredient Onco-Z.

- The Group set up 2 new clinics in Greater Bay Area and Nanning, to provide modern Chinese medicine consultation services in PRC.

2024

- The Group set up 2 new clinics in Greater Bay Area to provide modern Chinese medicine consultation services in PRC.

2025

- The Group set up 1 new clinic in Greater Bay Area to further expand its Chinese medicine clinic network in Greater Bay Area.

Chairman's Statement

PuraPharm Corporation Limited
2025 Annual Report

農本方
NONG'S
2017
200g
中藥配方顆粒
銀翹散

Chairman's Statement

PuraPharm Corporation Limited
– 2025 Annual Report

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of PuraPharm Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "PuraPharm"), I present the annual results of the Company for the year ended 31 December 2025.

Amid a dynamic and competitive market landscape, this period presented both hurdles and strategic opportunities.

Financial Performance Overview

For the year ended 31 December 2025, the Group recorded revenue of HK$336.1 million, a 12.0% decline from the previous year. This was primarily driven by slowing consumer sentiment, heightened competition, and reduced healthcare spending in Hong Kong. Nonetheless, our gross profit margin held steady at 53.6%, underscoring our rigorous production efficiencies and steadfast adherence to superior quality standards—a key differentiator from our cost-driven rivals.

We recorded a net loss of HK$35.2 million, remaining relatively flat compared to last year, largely due to ongoing revenue pressures. However, proactive cost discipline yielded an 8.8% reduction in selling, distribution, and administrative expenses. This was complemented by a 12.6% drop in finance costs, resulting from lower interest payments achieved through continued debt repayment.

Business Highlights

- **Hong Kong and Overseas CCMG:** Revenue fell by 7.4% to HK$192.3 million amid economic headwinds. Nevertheless, we reinforced our dominant position, maintaining over an 80% market share in Hong Kong's CCMG sector by prioritizing outreach to private Chinese medicine practitioners.

- **China CCMG:** New national standards and aggressive medical reforms within China's public healthcare sector resulted in a 92.2% revenue drop. In response, we are pioneering a direct-to-consumer channel via expanded Nong's® clinics, commencing in the Greater Bay Area ("GBA"), to foster resilience and diminish our reliance on B2B channels.

- **Chinese Healthcare Products:** Revenue grew by 9.8%, fueled by strategic marketing and rising health consciousness. We aim to amplify this momentum by prioritizing innovative, high-quality products for global markets.

- **Nong's® Chinese Medicine Clinics:** Revenue decreased by 9.0% to HK$51.2 million due to Hong Kong's economic slowdown. We are optimizing local operations while channeling expansion efforts into the GBA to bolster CCMG distribution in Chinese Mainland.

Strategic Initiatives

To surmount these challenges and seize new growth opportunities, the Company is executing the following focused strategies:

1. **Shifting focus from public hospital channels to private healthcare institutions:** We are reducing our reliance on public hospital procurement systems in Chinese Mainland and expanding into private hospitals, clinics, and direct-to-consumer channels.

2. **Expanding Nong's® clinics within the Greater Bay Area ("GBA"):** We are broadening the Nong's® clinic network in Shenzhen and exploring a franchise model to accelerate growth while maintaining strict capital discipline.

3. **Accelerating cross-border e-commerce for healthcare products:** We are increasing investments in digital marketing and online sales platforms to capture the growing demand in Chinese Mainland for premium, Hong Kong-branded healthcare products.

4. **Strengthening international expansion:** By leveraging our existing overseas production facilities, we are developing innovative, high-quality healthcare products tailored for both domestic and international markets.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my sincere gratitude to our shareholders for their continued support and trust in PuraPharm. We remain committed to leveraging favorable policies and market opportunities to deliver sustainable shareholder value, sharing the wisdom of Chinese medicine to enhance human health through its continuous modernization.

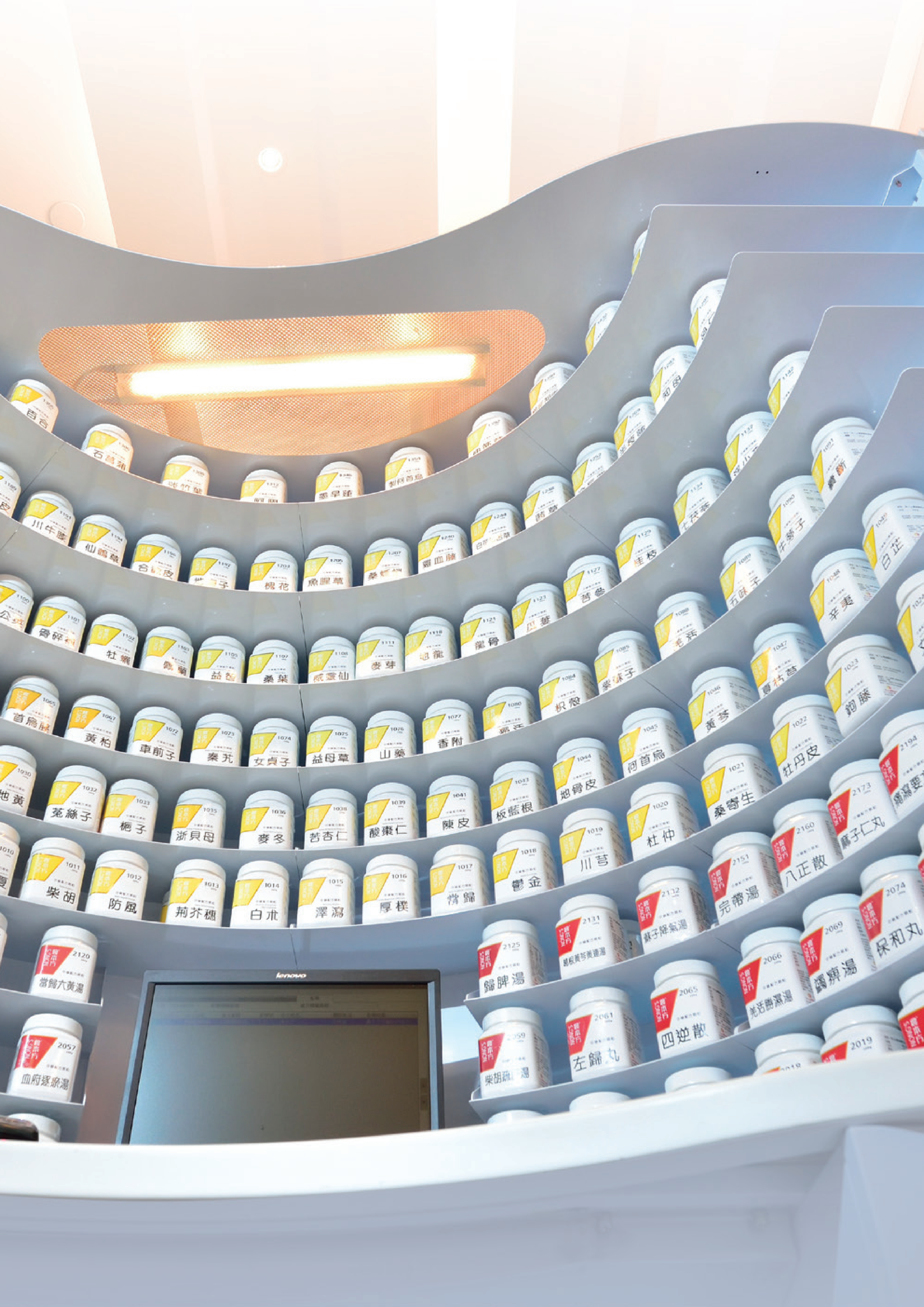
By order of the Board

Chan Yu Ling, Abraham
Chairman

Hong Kong, 25 March 2026

Corporate Profile

PuraPharm Corporation Limited
2025 Annual Report



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石菖蒲
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雞血藤
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桑葉
麥芽
龍骨
苦參
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牛蒡子
白芷
辛夷
黃柏
車前子
秦艽
女貞子
益母草
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浙貝母
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苦杏仁
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板藍根
地骨皮
何首烏
桑寄生
牡丹皮
柴胡
防風
荊芥穗
白朮
澤瀉
厚樸
當歸
鬱金
川芎
杜仲
八正散
麻子仁丸
完帶湯
保和丸
歸脾湯
蠲痺湯
四逆散
左歸丸
當歸六黃湯
血府逐瘀湯
lenovo

Corporate Profile

PuraPharm Corporation Limited
– 2025 Annual Report

The Group is a leading Hong Kong-based Chinese medicine company primarily engaged in the research and development, production, marketing and sale of CCMG products marketed under its brand "Nong's®（農本方®）". The Group is one of the only five, and the only non-PRC company that is licensed by the CFDA to manufacture and sell CCMG products in China. Further, the Group is qualified to issue safety reports recognised by more than 70 countries around the world through its in-house CNAS ISO 17025 laboratory. The Group has been supplying CCMG to the majority of Hong Kong hospitals and healthcare institutions with TCM clinics since 2004. The Group is the leading and the largest supplier of CCMG products in Hong Kong and also a leading Chinese medicine clinic chain in Hong Kong.

Since its establishment in 1998, the Group has dedicated itself to the modernisation and internationalisation of TCM. Actively collaborating with internationally renowned academic and research institutions, the Group has established itself as the technological front-runner within the industry. Through continuous innovation, the Group has come to be regarded as a leading company in the research and development, manufacturing, marketing and selling, quality control and basic science research of TCM.

The Group has invested in TCM research and production facilities in Nanning, Guangxi, China. The factory complies with the PRC GMP standards, the Australia's TGA standards, one of the strictest certification standards in the world, as well as the international PIC/S GMP standards. The Group is also the only Chinese medicine manufacturer to have CCMG products verified and recognized by the United States Pharmacopeia (USP). The Group's laboratory is certified by the CNAS, the international multilateral recognition system that is equivalent to an accreditation in accordance with the ISO 17025 standards. The Group's manufacturing facilities are regarded as one of the most advanced TCM research and manufacturing facilities in Asia.

With innovative insights and advanced technologies, the Group has also developed a series of over-the-counter health products, among which, brands such as PuraGold®（金靈芝®）, Oncozac®（安固生®）, Immuzac®（益抗適®）and Haveron®（烏髮濃®）enjoy great popularity both in Hong Kong and overseas.

CORPORATE STRENGTHS

- The Group is the market leader in the CCMG market in Hong Kong where its products are widely recognised for their premium product quality, reliability and safety.

- The Group offers an extensive range of modernised CCMG products including single formulae and combo formulae products, and a proprietary, patented and automated clinic and hospital management and dispensing system to provide a total Chinese medicine solution for its customers and end users.

- The Group's modernised manufacturing facilities, coupled with its strong capabilities in medical product safety testing and stringent quality control during the manufacturing process, have enabled it to ensure premium product quality and safety.

- The Group is a pioneering research and development company dedicated to the modernisation and internationalisation of Chinese medicine and its proven track record in the development of new TCM products, in particular CCMG combo formulae products, differentiates it from its competitors.

- Aiming to enhance the Group's research and development capability, the Group has revamped a new research and development centre, with total gross floor area of 1,632 square metres, in Nanning, for innovative products development, and preparation for the upcoming national CCMG standardization in China.

STATE-OF-THE-ART PRODUCTION FACILITIES

One of the Finest TCM Facilities in Asia

The Group owns and operates its Chinese medicine manufacturing facilities in Hi-tech Development Zone, Nanning, Guangxi Zhuang Autonomous Region, which occupies a land parcel of approximately 17,241 sq.m. with a total gross floor area of approximately 7,760 sq.m. The Group has designed its own manufacturing facilities and adopted advanced technologies and testing techniques in Chinese medicine production. The production plant incorporates the efforts of leading architects, engineers and pharmaceutical plant design specialists from Canada, Australia and Japan, and meets the GMP standards of China, the Australia's TGA standards, the international PIC/S, the USP, as well as the Group's internal standard operating procedures. It is recognised as one of the most sophisticated, well-managed Chinese medicine research and manufacturing plants in Asia.

The Group's manufacturing facilities are highly automated and controlled by a centralised computer system. The Group's production equipment includes, among others, high-efficiency dynamic fluid extractors, low temperature concentrators, large spray dryers, as well as equipment for freeze drying, vacuum drying and fluid bed drying of Chinese herbal extracts. The Group operates a clean room for its granule production which meets the relevant GMP standards.

New Smart Factory in Nanning

The Group is developing a new smart factory located in Hi-tech Development Zone, Nanning, Guangxi Zhuang Autonomous Region, which occupies a land parcel of approximately 49,185 sq.m. with a total gross floor area of approximately 65,967.66 sq.m. This smart factory will represent a leap forward from more traditional automation to a fully connected and flexible system, the one that can use a constant stream of data from connected operations and production systems to learn and adapt to future demands. Phase one comprising of 3 modernised warehouse buildings (total gross floor area: 25,079 sq.m.) has been completed in late 2020 which will act as a central hub for product supply.

Pilot Factory in Japan

The Group's Japanese subsidiary, SODX, owns a pilot factory, certified with Health Food GMP, which is located in Osaka, Japan with total gross floor area of approximately 1,460 sq.m. The factory is equipped with high technology production machine which enables SODX to produce health food in different packaging and dosage form like granule, tablet, capsule etc. to fulfill the specification of customer's need. The pilot factory will also act as the Group's new product development for further business expansion. The best selling products of SODX include anti-oxidants, fermented health food as well as health food developed from propolis.

USA GMP Factory

The Group offers over 300 extensive herbal formula products in U.S. and Europe market under the brand "KAN" through its subsidiary, Kan Herb Company, in California. Meticulous about the efficacy, quality and safety of every proprietary products, Kan Herb manufactures "KAN" products at its production facilities in California, in compliance with GMP. In Kan Herb, it controls all phase of the production process, from procurement and testing of raw ingredients to the manufacturing and packaging of the products.

Quality is expressed throughout — from our use of innovative technologies, producing the greatest percentage of active herbal material per ounce, to excellence in customer service and professional consultation.

Products and Services Overview

PuraPharm Corporation Limited
– 2025 Annual Report

農本方
NONG'S
PuraPharm
感冒沖劑
銀翹散
Flu Formula
現代化・不用煎煮的即溶中藥
Modernized Instantly Soluble Chinese Medicine
每盒6包・每包4克 • 6 sachets x 4g
農本方
NONG'S
複方羅漢果止咳沖劑
Fufang Luohanguo Zhike Chongji
PuraPharm
Clear Heat & Moisten Lungs Formula
清熱潤肺配方
不用煎煮的即溶中藥 • 每盒10包 x 每包10克
INSTANTLY SOLUBLE CHINESE MEDICINE • 10 sachets each box x 10g each sachet
農本方
NONG'S
失眠沖劑
酸棗仁湯
Sleep Aid Formula
PuraPharm
現代化・不用煎煮的即溶中藥
Modernized Instantly Soluble Chinese Medicine
每盒6包・每包4克 • 6 sachets x 4g
農本方
NONG'S
PuraPharm
止咳沖劑
止嗽散
Cough Formula
現代化・不用煎煮的即溶中藥

Products and Services Overview

PuraPharm Corporation Limited
– 2025 Annual Report

Nowadays, people are becoming increasingly health-conscious and quest for quality health products as well as improved quality of life. PuraPharm will continue to pioneer the modernisation and internationalisation of TCM, to introduce premium quality products and to promote healthy, happy and long lives for people through the oriental wisdom of TCM.

Our mission is simple:

We dedicate ourselves to humanity's quest for longer, healthier, happier lives through the innovation and modernisation of Chinese Medicine

NONG'S CCMG PRODUCTS

Traditionally, the preparation and dispensation of TCM is time-consuming and inconvenient and requires the storage of raw herbs by the Chinese medicine practitioner and the boiling or decocting of raw herbs into a liquid form for patients' consumption. PuraPharm has modernised the manner in which TCM is manufactured, prepared and consumed by offering a broad range of Nong's CCMG products for easy and immediate consumption. The Group's CCMG products are traditional Chinese medicinal herbs extracted into granules by using modernised extraction and concentration technologies to replicate the traditional method of preparing medicinal decoction. Standardised concentrated Chinese medicine granules should have the same degree of curative efficacy, taste, aroma and flavor as in traditionally-prepared medicinal decoction. It should also dissolve in hot water instantly. The Group has over 600 Nong's CCMG products for professional use by Chinese medicine practitioner for prescription service.

In 2020, through the contingency application procedure, Guangxi Zhuang Autonomous Region Food and Drug Administration ("GXFDA") of the PRC has approved and authorised PuraPharm Nanning to manufacture Qing Fei Pai Du Tang (清肺排毒湯) ("QFPDT") and Kang Fu Yi Hao Fang (康復1號方) granules. According to the clinical treatment result, QFPDT was recommended by the National Administration of Traditional Chinese Medicine to use nationally for the clinical treatment of COVID-19 pandemic. QFPDT granule manufactured by the Group was used for treatment of patients who contacted the COVID-19 pandemic.

OVER-THE-COUNTER ("OTC") PRODUCTS

With innovative insights and advanced technologies, PuraPharm has also developed a series of OTC health products, among which, brands such as PuraGold®, Oncozac®, Immuzac® and Haveron® enjoy great popularity in Hong Kong and overseas.

The Group's ONCO-Z® Coriolus Versicolor Extract, the sole active ingredient of Oncozac®, was verified by the United States Pharmacopeial Convention (USP) and was the world's first traditional Chinese medicinal ingredient verified by the USP Dietary Ingredient Verification Program. The USP standards are adopted in more than 140 countries in the world and are also widely recognised as one of the most stringent set of quality control standards for the assessment of the identity, strength, quality and purity of medicines. Our certifications under these international standards are testaments to the Group's advanced production capacity and outstanding product quality.

Immuzac® product has been researched for years using an advanced proprietary research technology, and proven to be effective in strengthening the body's immune functions in defense against viral and contagious pathogenic infection, thereby increasing customer's resistance to illnesses.

NONG'S (農本方®) CHINESE MEDICINE CLINICS

In addition to providing a broad range of CCMG products for Chinese medicine practitioners' professional prescription purposes and a complete Chinese Medicine Clinic Management System ("CMCMS") for general clinic management, PuraPharm has also established its own Nong's®（農本方®）Chinese medicine clinics to provide modernised Chinese medicine services. Nong's®（農本方®）Chinese medicine clinics are mostly located in shopping malls across Hong Kong. The Nong's®（農本方®）Chinese medicine clinics are operated by registered TCM practitioners who use the Group's CMCMS to prescribe the Group's CCMG products to patients.

Through a combination of Chinese medical skills, innovative technology, contemporary medicine and modernised management, Nong's®（農本方®）Chinese Medicine clinics provide patients with high-quality Chinese medical service as well as reliable, convenient and instant CCMG.

The Group's characteristics:

1. High-quality Chinese Medical Service
   - All practitioners in the Group's Nong's®（農本方®）Chinese Medicine clinics are qualified University graduates and are registered CMPs, with profound knowledge in Chinese Medicine and years of clinical experience.
   - Acupuncture and cupping services are also offered so as to provide the most suitable treatment for patients.
2. Tailor-made Health-keeping Service
   - The Group believes everyone has his own needs. Patients can find the most suitable Chinese medicine treatment for their own body type through detailed analysis by the Group's Chinese Medicine Practitioners before consuming health products.
3. Scientific Management, Human-based Service
   - Modern scientific management and advanced medical equipment are used in every process from patient registration, organisation of patients' medical records, medical diagnosis, prescription processing and inventory management to CCMG prescription dispensation.
   - All medical records are computerised for easy retrieval.

Management Discussion and Analysis

PuraPharm Corporation Limited
– 2025 Annual Report


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Management Discussion and Analysis

PuraPharm Corporation Limited
– 2025 Annual Report

FINANCIAL HIGHLIGHTS

	Year ended 31 December					
	2025 HK$'000	% of total	2024 HK$'000	% of total	Change HK$'000	%
Revenue						
— Hong Kong concentrated Chinese medicine granule	192,317	57.2%	207,591	54.3%	(15,274)	(7.4%)
— Chinese healthcare products	92,557	27.5%	84,302	22.1%	8,255	9.8%
— Nong's® (農本方) Chinese medicine clinics	51,238	15.2%	56,313	14.7%	(5,075)	(9.0%)
— China concentrated Chinese medicine granule and plantation	1	0.1%	33,884	8.9%	(33,883)	(100%)
	336,113	100%	382,090	100%	(45,977)	(12.0%)
Gross profit	180,156		205,142		(24,986)	(12.2%)
Net loss for the year	(35,223)		(35,439)		216	0.6%

For the year ended 31 December 2025, the Group recorded a revenue of HK$336.1 million, representing a decrease of HK$46.0 million or 12.0% compared to HK$382.1 million in last year. The revenue decrease was mainly attributable to the slowing down of consumption in Hong Kong and keen market competition as well as the Group's continued de-emphasis of the hospital channels for its China CCMG market.

The Group recorded a net loss of HK$35.2 million for the year ended 31 December 2025, as compared with the net loss of HK$35.4 million recorded in last year. The improvement in the audited consolidated net loss in FY2025 was mainly attributable to:

(i) the reduction on revenues for the Group as a result from the slowing consumption in Hong Kong, keen competition and the continued de-emphasis of the hospital channels for the China CCMG market;

(ii) the reduction in administrative expenses from HK$159.5 million in last year to HK$152.1 million in 2025, total selling and distribution expenses, and administrative expenses decreased by 8.9% from HK$224.4 million in last year to HK$204.5 million in 2025. Finance cost also reduced by 12.6% from HK$23.7 million in last year to HK$20.7 million in 2025.

(iii) There was an improvement due to reversal of impairment of financial assets of HK$8.2 million in 2025 as compared with HK$1 million in last year and a reduction in impairment of property, plant equipment from HK$2.4 million in last year to HK$1.3 million in 2025.

HONG KONG AND OVERSEAS CCMG

According to a market research performed in 2025, the Group continued to maintain its leading market position in Hong Kong and sold its CCMG products directly to customers comprising hospitals, Chinese medicine clinics, non-profit organisations and private Chinese medicine practitioners. During the year ended 31 December 2025, the direct sales of CCMG products in Hong Kong was HK$192.3 million, representing a decrease of HK$15.3 million or 7.4% compared to HK$207.6 million of last year. For the year ended 31 December 2025, the decrease in sales was mainly due to a slowdown of consumption in the Hong Kong economy and intense competition. Nevertheless, with the established brand and product reputation, high quality product and customer service, the segment contributed a healthy and steady profit contribution to the Group.

For the year ended 31 December 2025, the Group continued to be a leading CCMG supplier to the major non-profit organisations in Hong Kong, and kept expanding its customer base in private Chinese medicine practitioners sector.

CHINA CCMG AND PLANTATION

For the year ended 31 December 2025, the sales of CCMG in China and plantation has a significant decrease of HK$33.9 million or 100% compared to HK$33.9 million in last year. The process of downplaying of the hospital channels in China continued in 2025.

CHINESE HEALTHCARE PRODUCTS

For the year ended 31 December 2025, revenue from sales of Chinese healthcare products in the Hong Kong and Mainland markets, the USA, and Japan was HK$92.6 million in aggregate, representing an increase of HK$8.3 million or 9.8% compared to HK$84.3 million in last year.

Among the Group's Chinese healthcare products segment, the sales in the Hong Kong and Mainland market recorded a healthy increase of 9.8% or HK$8.3 million. The increase came from the Mainland market through a consistent efforts to expand and develop the e-commerce online platform from more resources in the marketing and advertising of Chinese healthcare products being invested by the Group.

The Group has invested more resources during the year ended 31 December 2025 in marketing and advertising of Chinese healthcare products, the expenses of which are recognized as an expense but should benefit the sales of the Group's various products in near future.

After the COVID-19 pandemic of 2020, the Group believes that consumers' health awareness will be increased and the growth in demand for healthcare products will render further opportunities for the Group's Chinese healthcare products segment. The Group will continue to proactively develop new and innovative healthcare products to enrich the products portfolio, devote more focus to market the Group's healthcare products through the online platform in order to reach the PRC and overseas markets with great growth potential.

NONG'S® (農本方®) CHINESE MEDICINE CLINICS

For the year ended 31 December 2025, the Group operated 22 clinics in Hong Kong (same as at 31 December 2024) and 4 clinics in Shenzhen, up from 3 clinics as at 31 December 2024. The revenue generated by the Group's Nong's® (農本方®) Chinese medicine clinics through the sales of CCMG products and provision of Chinese medical diagnostic services was HK$51.2 million for the year ended 31 December 2025, a decrease of HK$5.1 million or 9.0% from HK$56.3 million in the last year.

The decrease in revenue of Nong's® clinics segment this year was mainly due to the slowing down in consumption of the Hong Kong economy.

By leveraging the Group's brand awareness in Hong Kong, the Group is seeking to explore the market opportunity in the GBA by continuing opening more clinics there. The Group will continue to review and improve the performance of the existing clinic portfolio and proactively negotiate with the landlords on rental reduction in order to improve clinic profitability.

PROSPECTS

1. Challenges, Opportunities and Outlook for Concentrated Chinese Medicine Granules in Chinese Mainland

Although the number of national standards for concentrated Chinese medicine granules (CCMG) increased to 396 by the end of 2025, this number remains below the approximately 500 varieties typically required by hospitals. This shortfall has constrained prescriptions, prompting a return to traditional herbal decoctions and adversely affecting CCMG sales in Chinese Mainland. Nevertheless, we anticipate additional national standard varieties will be released throughout the year, and we remain optimistic about CCMG's market potential. We are proactively working to expand our market share in the private sector, including through the establishment of Nong's® clinics within the Greater Bay Area (GBA) and through private hospitals nationwide.

2. Increase focus and investment into crossborder online sales of healthcare products into Chinese Mainland

The Group is expected to invest more resources in marketing in the coming year to expand the crossborder online business of healthcare products. This would expect to become a new growth driver for the Group in Chinese Mainland in addition to the initiative of expanding our clinics network in GBA (see below).

3. Greater Bay Area Integration

Our integration efforts in the Greater Bay Area are progressing effectively. By the end of 2025, we had successfully established four clinics in Shenzhen. Additionally, cross-border sales of our healthcare products have shown significant growth. Looking ahead, we plan to further expand our clinic network in the Greater Bay Area through a franchise model and intensify our cross-border sales initiatives over the coming year.

4. Product Development and International Market Expansion

We remain committed to strengthening our presence in international markets, including Canada, the USA, Japan, South East Asia, Australia, and Korea. Leveraging our existing production facilities in the USA and Japan, we aim to expand our global reach. These efforts will be complemented by the launch of innovative, high-quality products designed to drive growth and deliver enhanced shareholder value.

PROFITABILITY

	Year ended 31 December		
	2025	2024	Change
	HK$'000	HK$'000	%
Revenue	336,113	382,090	(12.0%)
Cost of sales	(155,957)	(176,948)	(11.9%)
Gross Profit	180,156	205,142	(12.2%)
Gross profit margin	53.6%	53.7%	

The Group's gross profit margin for the year ended 31 December 2025 was 53.6%, representing the same level, as compared to 53.7% last year. The Group's gross profit margin was relatively stable during this year.

OTHER INCOME AND GAINS

The Group's other income and gains mainly comprised of grants and subsidies, and gain from sale of equipment and accessories. For the year ended 31 December 2025, the Group's other income and gain was HK$5.5 million, representing a decrease of HK$11.9 million compared to HK$17.4 million last year.

The decrease was mainly attributable to the decrease in sale of equipment and accessories for the year ended 31 December 2025.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses mainly comprised of advertising and promotion expenses, sales and marketing staff costs, delivery and storage costs, depreciation expense, travel and business development expenses and sales and marketing departmental expenses. For the year ended 31 December 2025, the Group's selling and distribution expenses was HK$52.5 million, representing a decrease of HK$12.4 million or 19.1% compared to HK$64.9 million last year. The decrease was mainly attributable to the result of effective control in the marketing expenses.

For the year ended 31 December 2025, selling and distribution expenses as a percentage to revenue decreased to 15.6% from 17.0% in 2024. Without damaging the Group's market position, the Group has controlled some of the variable marketing expenses but some selling and distribution expenses, which are fixed in nature, may not be able to be adjusted accordingly, which are important for the expected sales rebound in the future.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2025, the Group's administrative expenses was HK$152.1 million, representing decrease of HK$7.4 million or 4.7% compared to HK$159.5 million of last year. The administrative expenses mainly comprised of staff costs, research and development costs, office and clinics rental expenses, legal and professional fees, clinic management fee, depreciation and amortisation and other general administrative expenses.

OTHER EXPENSES

For the year ended 31 December 2025, the Group's other expenses was HK$1.6 million, representing a slight decrease of HK$0.2 million or 15.7% compared to HK$1.8 million of last year.

FINANCE COSTS

For the year ended 31 December 2025, the Group's finance costs amounted to HK$20.7 million, which decreased by HK$3 million or 12.6% as compared to HK$23.7 million last year. The decrease in interest cost was due to less interest payments from continued debt repayment.

INCOME TAX EXPENSE

The Group's income tax expenses decrease from HK$6.3 million last year to HK$0.8 million for the year ended 31 December 2025. Such decrease was mainly attributed to the drop in revenues in Hong Kong regarding CCMG segment which resulted in a reduction total Group's tax liability.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the business plan disclosed in this report, the Group did not have any future plans for material investments or capital assets as at 31 December 2025.

LOSS FOR THE YEAR

The Group recorded a net loss of HK$35.2 million for the year ended 31 December 2025, as compared with the net loss of HK$35.4 million recorded last year.

The slightly decrease in the audited consolidated net loss in the year ended 31 December 2025 was mainly attributable to the combined effect of (i) the reduction on revenues for the Group as a result from the slowing consumption in Hong Kong, keen competition and the continued downplaying of the hospital channels for the China CCMG market; (ii) the cost saving of selling and distribution, and administrative expenses; (iii) the decrease in finance cost by 12.6% from HK$23.7 million in last year to HK$20.7 million in the year ended 31 December 2025; and (iv) reversal of impairment of financial assets.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and interest-bearing bank and other borrowings

	As at 31 December			
	2025	2024	Change	
	HK$'000	HK$'000	HK$'000	%
Net current liabilities	252,329	222,626	29,703	13.3
Cash and cash equivalent	16,170	12,794	3,376	26.4
Interest-bearing bank and other borrowings	323,816	339,710	(15,894)	(4.7)
Current portion	268,311	250,548	17,763	7.1
Non-current portion	55,505	89,162	(33,657)	(37.7)
Unused bank and other borrowing facilities	20,000	15,480	4,520	29.2

The Group generally finances its operation with operating cash flows and bank and other borrowing facilities. The Group actively manages the cash and borrowings of the Group to ensure an appropriate level of liquidity and sufficient funds are available to meet the Group's business need. The Directors believe that it is important for the Group to continue to build a strong relationship with existing and prospective banking institutions and to explore different funding alternatives so as to strengthen the Group's funding platform and to diversify its funding sources.

Cash flow and liquidity ratio analysis

	Year ended 31 December		
	2025	2024	Change
	HK$'000	HK$'000	HK$'000
Net cash generated from operating activities	28,525	103,985	(75,460)
Net cash generated from/(used in) investing activities	24,124	(11,711)	35,835
Net cash used in financing activities	(46,335)	(86,429)	(40,094)
Current ratio	0.5	0.5	
Gearing ratio	2.5	3.1	

For the year ended 31 December 2025, the Group's net cash generated from operating activities was HK$28.5 million, which was lower than last year by HK$104.0 million. The decrease in operating cash inflow was mainly due to (i) the significant decrease in revenue and (ii) the decrease in trade and bills payables.

For the year ended 31 December 2025, the Group's net cash from investing activities was HK$24.1 million, which was mainly due to (i) the decrease in restricted cash and pledged deposits and (ii) the redemption of life insurance.

For the year ended 31 December 2025, the Group's net cash used in financing activities was HK$46.3 million, representing a decrease by HK$40.1 million as compared to last year mainly due to the combined effect of the net decrease in bank loans and other borrowings during 2025 and the share subscription.

The Group's current ratio maintained the same level of 0.5 as at 31 December 2025.

The Group's gearing ratio (calculated by dividing total interest-bearing bank and other borrowings by total equity) decreased from 3.1 as at 31 December 2024 to 2.5 as at 31 December 2025. Such decrease was mainly attributable to a decrease in bank borrowings from repayment of bank loans and an increase in equity due to the issuance of new shares by the Company for the acquisition of patent assets and the raising of equity from an investor (see below).

In order to improve the gearing ratio, the Group will consider different funding alternatives that would improve the financial metrics of the Group including equity financing. The Group will also strengthen the working capital management by closely monitoring the collection of trade and bills receivables and inventory level to increase the operating cash flow and lower the bank and other borrowings level. As at 31 December 2025, the total bank borrowings were decreased by HK$15.9 million or 4.7% from HK$339.7 million as at 31 December 2024 to HK$323.8 million as at 31 December 2025.

PLEDGE OF ASSETS

The following assets were pledged as securities for interest-bearing bank and other borrowings:

	As at 31 December	
	2025 HK$'000	2024 HK$'000
Property, plant and equipment	141,208	152,285
Investment properties	3,969	3,871
Right-of-use assets	35,179	34,678
Financial assets at fair value through profit or loss	12,283	19,119
Inventories	7,738	10,558
Trade and bills receivables	3,130	27,915
Pledged bank deposits	5,000	5,000
	208,507	253,426

CAPITAL COMMITMENT

The Group had the following capital commitment:

	As at 31 December	
	2025 HK$'000	2024 HK$'000
Buildings	26,703	26,289
Plant and machinery	105	32
	26,808	26,321

The Group would finance the capital commitment by internal resources of the Group.

EXCHANGE RISK

The Group conducts business primarily in Hong Kong and China with most of its transactions denominated and settled in Hong Kong dollars and Renminbi. Currently, the Group has not entered into any foreign exchange contracts or any hedging transactions or instruments to hedge against the fluctuations in exchange rate between Renminbi and Hong Kong dollar. However, the Group monitors foreign exchange exposure regularly and considers if there is a need to hedge against significant foreign currency exposure from time to time.

HUMAN RESOURCES

As at 31 December 2025, the Group had a total of 441 employees (31 December 2024: 479 employees). During the year ended 31 December 2025, total staff costs excluding Directors' remuneration was HK$96.7 million (31 December 2024: HK$101.5 million). The Group offers competitive remuneration packages to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus, share options and share awards may be granted to eligible employees based on the performance of the Group and individuals. The Group also allocated resources for continuing education and would arrange induction training for new staff members and regular trainings to staff members and management personnel to improve their skills and knowledge.

Environmental, Social and Governance Report

PuraPharm Corporation Limited
– 2025 Annual Report

Environmental, Social and Governance Report

PuraPharm Corporation Limited
– 2025 Annual Report

1. ABOUT THE REPORT

1.1. Reporting Standards, Scope & Period

The Environmental, Social and Governance ("ESG") report (the "report") was prepared in accordance with Environmental, Social and Governance Reporting Code ("ESG Reporting Code") of The Stock Exchange of Hong Kong Limited (the "HKEX") as set out in Appendix C2 to the Rules governing the Listing of Securities (the "Listing Rules") on the HKEX. PuraPharm Corporation Limited (the "Group", "PuraPharm", "we" or "our") adhered to the principles of materiality, quantitative, balance and consistency to report on ESG measures and performances. Information regarding corporate governance is addressed separately in the annual report in pursuance of Appendix C1 of the Listing Rules.

The scope of the report includes the Group's offices, manufacturing plants, warehouses and Nong's clinics operating in Hong Kong, Beijing, Nanning, Shenzhen and Guizhou in the People's Republic of China (the "PRC"), unless otherwise specified. As all business operations in Shanghai has been liquidated, therefore it is excluded from the latest reporting scope. In addition to this, concerning the reporting principle of materiality, the operations in Japan and the United States are not included in this report because the environmental and social impacts of the operation are insignificant and immaterial to our business and the community.

The establishment of the Chinese medicine clinic, Nong's clinic in 2014 aimed to support different stakeholders' demands. The network of Nong's clinics is achieving the mission of the Group in bringing longer, healthier and happier lives by providing quality pharmaceutical products and services to the community.

The report covered the financial reporting period from 1st January 2025 to 31st December 2025 (the "Reporting Period"). During the Reporting Period, there were 22 Nong's clinics operating across Hong Kong, with an additional 4 clinics in the PRC. All ESG-related activities during the Reporting Period were presented in this report.

1.2. Reporting Principles

The Group has followed the reporting principles set out in HKEX ESG Reporting Code in the preparation of this ESG Report.

- Materiality: The Group has invited our ESG Committee to take part in a stakeholder engagement interview, where the most material topics to our business operations were identified based on the interview. Please refer to the section headed "Materiality Assessment" for details.

- Quantitative: The Group records, calculates and reports the ESG-related information quantitatively to evaluate the effectiveness of ESG policies and management approaches. An independent consultant was engaged to perform the calculations to ensure the accuracy and validity of the data.

- Balance: The Group discloses our ESG performance fairly and unbiasedly and discloses all management approaches and initiatives for the material issues as well as the challenges faced by the Group.

- Consistency: The Group ensures that the preparation approach and calculation methodologies of this ESG Report were consistent with the previous years and followed the HKEX ESG Reporting Code to provide the disclosures consistently and comparably.

2. CONTACT DETAILS

The Group values our stakeholders' opinions and welcomes our stakeholders to contact the Group by phone at 2840-1840 from 9 a.m. to 6 p.m. (Monday to Friday, excluding Hong Kong public holidays) or send an email to info@purapharm.com, in case of any doubts or suggestions.

3. CHAIRMAN'S MESSAGE

Dear Stakeholders,

It is our pleasure to present this ESG Report, which highlights our sustainability achievements in 2025.

Since our establishment in 1998, PuraPharm has grown steadily, making notable contributions to the advancement of Traditional Chinese Medicine ("TCM") and public health. Guided by our long-term vision, we continue to invest in innovation and pioneering research to deliver professional, high-quality, safe, and reliable herbal products, while promoting the modernisation of traditional medicine.

As a Chinese medicine manufacturer, we are mindful of the climate-related risks facing our operations, particularly the exposure of raw herbal supplies to natural disasters and extreme weather events. To manage these risks, we have established clear environmental objectives and policies, with sustainability considerations embedded into the Board's decision-making processes in alignment with the latest ESG requirements of HKEX. The Board recognises the potential impact of climate change on the Group's operations and has established ESG and climate-related targets to guide our sustainability direction. These targets are integrated into the Group's risk management framework and considered in key strategic and operational decision-making processes.

On behalf of PuraPharm and the Board of Directors (the "Board"), I would like to express my sincere appreciation to our employees, partners, and stakeholders for their continued trust and support. Looking ahead, we remain committed to enhancing the sustainability, resilience, and long-term value of our business, while strengthening PuraPharm's position as a premium brand in the industry.

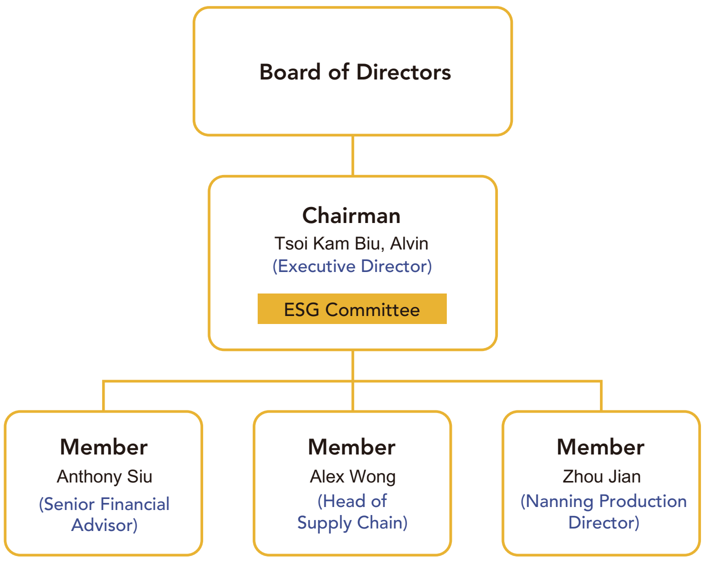
Chan Yu Ling, Abraham
Chairman

4. SUSTAINABILITY GOVERNANCE

The Board, the highest decision-making body at PuraPharm, is in charge of overall ESG management and reporting. It includes overseeing ESG-related risks and opportunities and conducting annual reviews of the Group's sustainability objectives and performance.

The Board and senior management regularly assess the skills needed to oversee climate-related strategies, identifying gaps in expertise such as climate risk, sustainability reporting, and low-carbon technology. Targeted training, specialist recruitment, or external advisors are engaged to ensure the organisation can effectively manage climate-related risks and opportunities, supporting informed and timely decision-making aligned with sustainability objectives, when necessary. These measures ensure that climate-related risks and opportunities are appropriately managed and integrated into strategic and operational decision-making in a timely and informed manner. The Board oversees climate-related targets and monitors progress, with climate-related indicators considered in annual performance assessments to reinforce accountability and continuous improvement.

The ESG Committee, consisting of heads of corporate-level departments, has been established by the Board to assist in the handling of the Group's ESG-related issues, including governance, policies, initiatives, performance and reporting.



Key responsibilities of the ESG Committee:

- To identify the relevant ESG matters that significantly affects the Group's operation and/or other important stakeholders' interests;

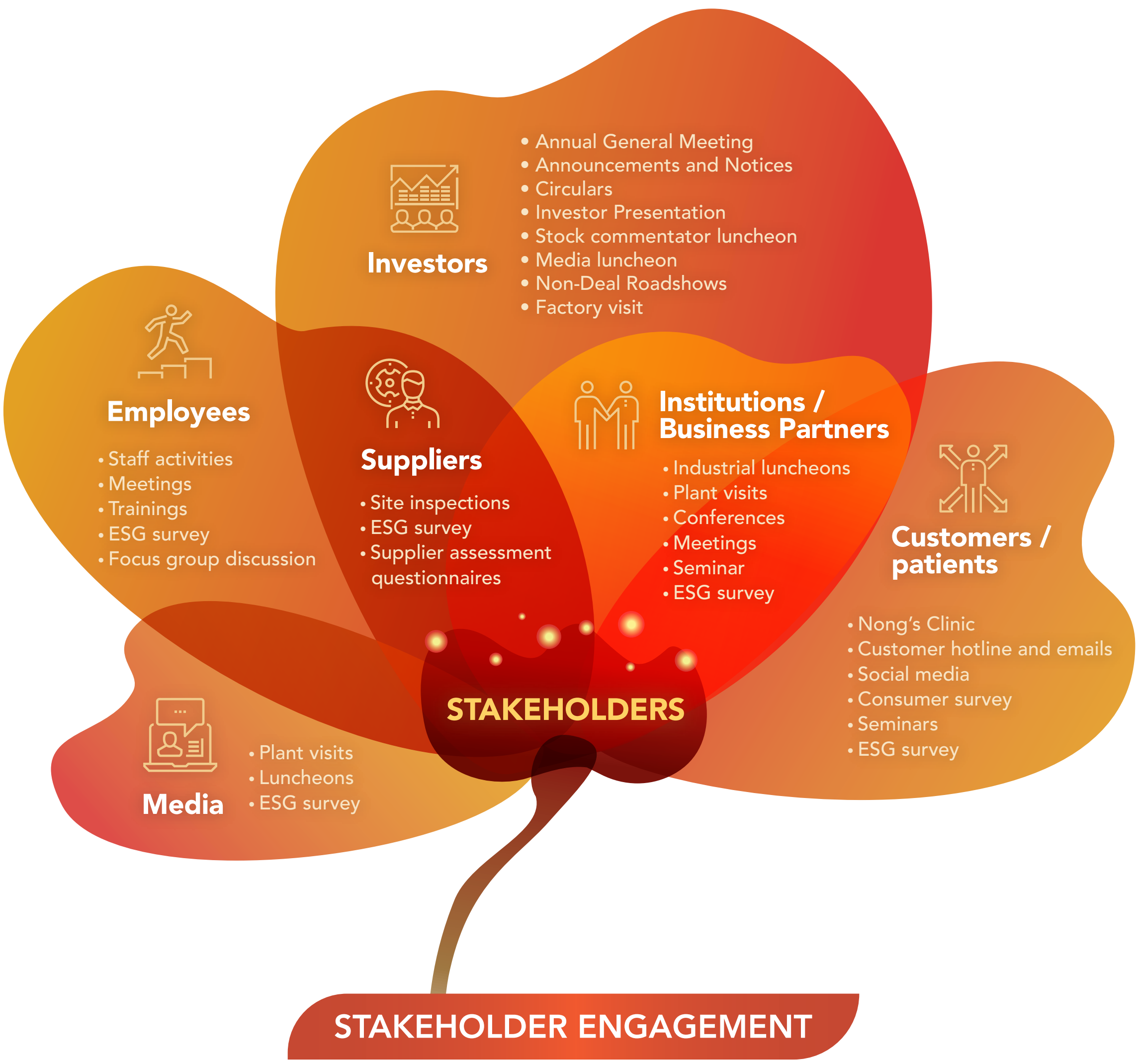
- To adopt and revise the Group's ESG policies, strategies and practices on production safety, environmental protection, social responsibility management and corporate governance;

- To review and conduct risk assessments related to the Group's impact on health, safety, society, the environment and climate;

- To review and set the Group's ESG-related goals and targets annually;
- To monitor the Group's ESG performance;
- To review the Group's ESG Report annually; and
- Other ESG-related issues authorised by the Board.

5. STAKEHOLDER ENGAGEMENT

PuraPharm prioritises stakeholders' feedback on the path to sustainable growth. In order to facilitate the exchange of views, the Group has established the following communication channels for our stakeholders:



6. MATERIALITY ASSESSMENT

Materiality assessment is a crucial component of sustainable development as it allows the Group to understand stakeholders' expectations and concerns regarding the Group's development and prioritise ESG issues according to their importance to the Group. In 2025, the Group conducted a materiality assessment supported by stakeholder engagement survey to oversee the progress and performance of the ESG development. The stakeholders recognise that ESG performance significantly impacts the Group's revenue, reputation and investment opportunities and has therefore put more effort into enhancing the Group's ESG performance.

During the Reporting Period, the Group is constantly seeking various mitigation measures to increase energy efficiency and reduce emissions in order to mitigate the environmental impacts. The Group places significant emphasis on addressing climate-related risks. As PuraPharm manufactures Chinese healthcare products, climate change would significantly impact the Chinese herb plantations, destabilising raw material supply and product price. Therefore, the Group aims to enhance the adaptation to climate change by capacity building for predicting and responding to extreme weather events. For example, the development of a herbs resources centre is proposed, together with the improvement in production line efficiency to ensure the proper storage of herbs in the event of sudden shortages of herb supply. In addition to our environmental initiatives, the Group emphasises on product quality and customer privacy, as customers are one of our major stakeholders. Regarding health and safety, the Group safeguards employees and verifies the quality control of the medicine for customers. The Group also endeavours to raise awareness of ESG development among our customers through promotional efforts.

The table below summarises the results of the materiality assessment conducted during the Reporting Period. Topics marked with a star indicate the key material topics identified.

Aspect	Topics
Environment	Air Pollutants Emissions Climate Change Compliance with Relevant Environmental Laws and Regulations Decarbonisation* Efficient Use of Packaging Material Energy Usage and Conservation General Waste Recycling and Management Hazardous Waste Management Sustainable Products and Services* Wastewater Management* Water Consumption and Conservation*
Social	Community Relations Compliance with Relevant Social Laws and Regulations* Customer Health and Safety Customer Privacy Development and Training Diversity, Equality and Inclusive Employment Human Rights and Benefits Labour Standard Occupational Health and Safety* Product Quality Control and Labelling* Responsible Marketing*
Governance	Accountability and Business Ethics Anti-Corruption* Board and Management Structure* Cybersecurity Management* Human Capital Procurement & Supply Chain Management Research and Development on Products Sustainability Targets Sustainable Development Framework

Consolidating Our Sustainable Value Chain

PuraPharm aims to become the most admired Herbal Medicine Company by advancing the modernisation of traditional medicine via innovation and pioneering research while providing effective, safe and reliable products. Since our establishment in 1998, the Group has developed and delivered the highest quality TCM to people by implementing management and control over the entire value chain.

6.1. Sustainable Supply Chains

6.1.1. Raw herb selection and management

To ensure a consistent and high-quality supply of herbal raw materials, the Group established its own Chinese herb plantation in Guizhou, where it can supply over 500 kinds of herbs. To protect herb species, the Group has actively collaborated with internationally renowned scholars to establish the National Research Centre of Medicinal Plants and Seed Breed in Guizhou. In addition to biodiversity conservation, the Group has performed waste management in the fields by collecting and converting the herb residues from the manufacturing process to sustain a circular economy.

6.1.2. Sustainable procurement

To ensure the quality and availability of herbal raw materials, PuraPharm is fully aware of the environmental, social and economic impacts associated with our procurement activities. The Group recognises our responsibility to manage those impacts, hence has taken ESG impact into consideration during our procurement decisions to improve the overall sustainability and resilience of our supply chain. The Group has implemented the Sustainable Procurement Policy in conjunction with other procurement policies both at group and subsidiary level to manage environmental and social risks along our supply chain.

A procurement policy is implemented for our procurement team to assess the suitability and performance of potential and existing suppliers. In addition to suppliers' performance, quality and integrity, the procurement team also considers their environmental and social performance during the evaluation process. The Group requires suppliers to comply with relevant environmental and social laws and regulations. During the product selection process, the Group prioritises environmentally friendly products that promote health and wellness. After a comprehensive evaluation, the qualified suppliers are included in our approved suppliers and contractors list. Our suppliers' ESG performance is reviewed annually to ensure compliance and continuous improvement in sustainable procurement. In the meantime, the Group is responsible for communicating sustainable procurement policies with all relevant stakeholders and providing training and guidance to our employees and suppliers.

The Group is committed to:

Responsible and ethical sourcing

- Consider the environmental and social impacts in the **full product and service life-cycle**
- Consider **life-cycle costings** of products and services
- Source products that are **environmentally-friendly and conducive for health and wellness** as an alternative to conventional ones
- **Minimize consumption or sale of retail products** which are environmentally and socially detrimental
- Consider **potential health hazards** during the consumption of products
- Explore procurement from diverse suppliers that **support the local economy** and / or **socially vulnerable groups**

Integrating sustainability into new supplier selection

Preference would be given to suppliers who:

- Demonstrate a commitment to **sustainable development**;
- Comply with all applicable **ESG related laws and regulations**;
- Have in place a **sustainability policy** and their **own supplier code of conduct / sustainable procurement policy**; and
- Adopt **internationally-recognised ESG management system(s)** such as **ISO 14001 Environmental Management System**, **OHSAS 18001 Health and Safety Management System** and other equivalent management systems.

Number of suppliers by geographical region

Geographical region	Number of suppliers 2025	2024
PRC	335	194
Hong Kong	49	28
Japan	3	–

6.1.3. Anti-corruption policy

To uphold the highest standards of business ethics, the Group places great emphasis on the integrity and ethical behaviours of our suppliers. During the Reporting Period, the Group has distributed the Company Code of Conduct to our suppliers, demonstrating our commitment to ethical business practices. The statement explicitly prohibits employees and suppliers from soliciting and receiving illegal benefits from companies. We encourage our suppliers, staff members and other stakeholders to report suspected misconduct anonymously or directly through our whistleblowing channels. The Internal Audit Department is responsible for investigating corruption and bribery. If an employee violates rules or commits a crime such as corruption, the Group reports the case to the relevant authority. The Group's employee handbook includes anti-corruption provisions, which regulate and remind the staff members to prevent situations that may create and involve conflicts of interest. The Group also conducted anti-corruption training for Board members, senior management, management and general staff during the Reporting Period, in collaboration with the Independent Commission Against Corruption ("ICAC"). There were no violations related to corruption in any form during the Reporting Period. The Group has complied with all local laws and regulations regarding bribery, extortion, fraud and money laundering.

6.2. Sustainable Products

PuraPharm is committed to delivering professional, high-quality, safe and environmentally friendly herbal products. By having control at nearly every stage of the production process, PuraPharm has built a complete supply chain of TCM from the origin to the retail counter.

6.2.1. Quality assurance

As a trusted brand with a wide range of TCM, PuraPharm believes that quality control is one of the crucial elements leading to our success. Therefore, the Group makes every effort to implement strict quality control measures to ensure the highest product quality standards.

The Group adheres to the Good Manufacturing Practices ("GMP") standards of the National Medical Products Administration of the PRC ("NMPA"), the Therapeutic Goods Administration of Australia ("TGA"), and the United States Pharmacopeia Convention ("USP"). PuraPharm has also implemented a stringent quality control system and standard operating procedures. Prior to packaging, every batch of products will undergo multiple tests. Our quality control team conducts product safety testing within PuraPharm's in-house testing laboratory to ensure that our products meet international standards. The laboratory is ISO 17025:2005 accredited by the China National Accreditation Service for Conformity Assessment ("CNAS"). Our products are tested against heavy metals, toxic elements, microbe and pesticide residue levels using the latest testing techniques and instruments, including DNA fingerprinting in plants, Fourier Transform Infrared Spectroscopy ("FTIR") and Ultra-High-Performance Liquid Chromatography ("UHPLC").

PuraPharm places great emphasis on maintaining and improving the quality of its products and has the following quality procedures in place:

1. Independent Quality Control System
2. Testing of raw materials purchased
3. Production process in compliance with GMP standards
4. Testing of products internally and by third party independent testing agencies
5. Using latest testing technologies and equipment to enhance quality control
6. Channel for customer feedback and complaint

6.2.2. Product labelling and reliability

PuraPharm realises that product labelling and marketing are essential as they help our products stand out in the market, and more importantly, provide accurate information to consumers. Hence, the Group regularly checks product labels for any false or misleading information and complies with all relevant laws and regulations, including the Trade Description Ordinance. Adhering to the Chinese Medicines Regulations, we ensure that essential information such as medication instructions, manufacturing date, expiry date and ingredients have been clearly labelled on the product packaging.

6.2.3. Product recall & complaint handling procedures

It is essential to understand customers' expectations and facilitate continuous improvement. Hence, the Group has established various communication channels to collect opinions about our products and services and has established standardised complaint procedures to address customer complaints and provide a contingency for the side effects of the products. If complaints are received, the relevant departments will investigate and manage the customer's needs. Our system is designed to ensure that suspected defective products are recalled from the market quickly and effectively following the Standard Operation Procedure of Product Recall.

Due to our strict quality assurance process, the Group was not aware of any significant product or service-related complaints or product recalls for health and safety reasons during the Reporting Period.

6.2.4. Customer privacy and data protection

As a responsible company, the Group recognises that the protection of customer privacy is both a significant challenge and an opportunity to foster trust. Consequently, the Group strives to protect our customers' and patients' confidential information. Our internal guidelines set the standard procedures for collecting and processing customers' personal information to prevent data breaches. All employees must adhere to the relevant provisions of the Personal Data (Privacy) Ordinance and comply with the six Data Protection Principles under the Ordinance when collecting, using, disclosing and retaining business-related customer data.

6.2.5. Safeguard intellectual property rights

PuraPharm protects intellectual property and the confidentiality of resources for business development. The Group has applied for and secured patents to protect our unique manufacturing technologies, prescriptions and innovations. To ensure the protection of our brand identity, we have registered multiple trademarks, including Oncozac® and PuraGold® to prevent abuse of our product or brand names. Moreover, employees play a crucial role in safeguarding PuraPharm's intellectual properties. All product development staff are required to sign a "Non-disclosure Agreement" to keep all sensitive information confidential.

7. PROTECTING OUR PLANET

7.1. Climate Change

In addressing climate change, the Group is committed to mitigating climate-related impacts, adapting its operations to evolving climate conditions and enhancing overall resilience. As part of this commitment, the Group seeks to identify, assess and manage climate-related risks associated with its operations, while continuing to strengthen the strategies and policies that guide its progress towards a low-carbon and climate-resilient future. Accordingly, the Group has undertaken comprehensive risk assessments with reference to the disclosure framework covering "Governance", "Strategy", "Risk Management", and "Metrics and Targets".

7.1.1. Governance

The Group has incorporated climate related consideration into its overall ESG management framework. The Board is responsible for overseeing the Group's strategic business planning, taking climate-related risks and opportunities into account. The ESG Committee supports the Board by monitoring ESG-related matters, including climate-related risks and opportunities. Further details on the sustainability governance structure, roles and responsibilities are set out in the section titled "Sustainability Governance" of the Report.

7.1.2. Strategy

Aligning with the PRC and Hong Kong carbon neutrality targets, the Group has implemented a group-wide climate change policy that clearly outlines our commitment to managing climate impacts across its operations. The policy establishes a structured and methodical approach to identify, assess and manage the climate-related risks associated with our pursuit of sustainable business development.

The Group recognises the importance of integrating sustainability considerations to overall business operation and has identified climate-related risks and opportunities and formulated relevant mitigation measures to address associated impact on its operations. Both physical and transition risks and opportunities are assessed across three time horizons, including short-term, medium-term, and long-term.

Climate-related Risk/Opportunities	Description	Potential Business Impacts	Time Horizon	Actions Undertaken
Physical Climate Risk/Opportunities				
Acute Risk	Increase in the severity of extreme weather events (e.g., typhoons and flooding)	• Increased operating and maintenance costs on affected herb-growing regions, manufacturing facilities, logistics and retail stores • Temporary closure of stores and production interruptions • Loss of revenue due to supply and distribution disruption • Disruption to the growth of herbs, reduced crop yields and inconsistent quality of raw herb supplies	Short to Medium- term	• Business continuity and emergency response planning • Diversification of herb sourcing regions • Alternative logistics and inventory buffer management
Chronic Risk	Long-term shifts in climate patterns (e.g., sea level rise, temperature, rainfall patterns and humidity levels)	• Long-term reduction or volatility in herb and crop yields • Increase in raw material procurement costs • Higher energy consumption for temperature-controlled manufacturing and stores	Medium to Long-term	• Long-term supplier engagement and diversification • Quality control and traceability of raw herb materials • Energy-efficiency and consumption monitoring in plants and stores

Climate-related Risk/Opportunities	Description	Potential Business Impacts	Time Horizon	Actions Undertaken
Transition Climate Risk/Opportunities				
Policy and Legal	Changes in climate-related policies, including carbon pricing, emissions reporting requirements, and litigation	• Higher compliance and reporting costs • Capital expenditure for environmental and energy upgrades	Short to Medium-term	• Ongoing monitoring of applicable environmental and ESG regulations • Strengthening internal compliance and reporting systems
Technology	Potential failure risks and costs in low-carbon technology investments	• Capital investment required to upgrade production facilities and stores • Gradual upgrading of manufacturing equipment	Short to Medium-term	• Phased upgrading of production equipment • Adoption of energy-efficient lighting and cooling systems in stores • Regular review of operational efficiency measures
Market	Uncertainty in customer behaviour changes and market signals towards sustainable products	• Reduced competitiveness if sustainability expectations are not met • Reduced customer demand if preferences shift toward sustainably sourced herbal products and environmentally responsible retail operations	Short to Medium-term	• Emphasis on sustainable sourcing and quality of herbal products • Strengthened ESG communication and stakeholder engagement

Climate-related Risk/Opportunities	Description	Potential Business Impacts	Time Horizon	Actions Undertaken
Reputation	Changes in consumer preferences and industry reputation	• Damage to brand reputation and customer trust • Lower ESG ratings affecting investor perception	Medium-term	• Transparent ESG disclosure in annual and ESG reports • Engagement with ESG professionals to enhance disclosure quality • Strengthened sustainability governance

7.1.3. Risk Management

As the significance of climate change impacts becomes increasingly important and relevant to the Group's businesses, the Group has incorporated climate change risk considerations, including physical and transition risks, into its risk management process. In terms of physical risk and opportunities, the Group continues to assess extreme weather events and long-term climate trends across its operating locations in order to assess potential impacts on its operations. In assessing transition risks and opportunities, the Group closely follows developments in relevant policies and changes in market demand for low-carbon products in its operating locations, to ensure regulatory alignment and to proactively identify opportunities arising from the low-carbon transition.

7.1.4. Metrics and Targets

The Group adopts defined metrics to measure, monitor and manage its climate-related performance. During the Reporting Period, the Group has recorded and disclosed data on: greenhouse gas emissions, energy consumption, water and wastewater management, and waste management. Moving forward, the Group will continue to enhance the collection and analysis of relevant data to present a more comprehensive view of its focus on climate-related matters. Relevant metrics, targets and specific measures are set out in detail in the following section.

7.2. Greenhouse Gas ("GHG") Emissions and Energy Consumption

The primary source of PuraPharm's emission is categorised as Scope 2 indirect emissions arising from purchased electricity consumption. Electricity is utilised for the operation of our manufacturing equipment and lighting fixtures across our offices, factories and clinics. In order to reduce energy costs and take responsibility for environmental protection, the Group is committed to reducing energy consumption, as reflected in our targets for GHG emissions reduction and energy intensity reduction.

GHG EMISSION TARGETS

Reduce the total GHG emissions intensity for 2030 by 20% compared to the intensity for 2020

ENERGY USE EFFICIENCY TARGETS

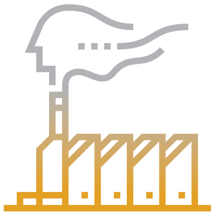
Reduce the energy intensity for 2030 by 20% compared to the intensity for 2020

PuraPharm adopts a series of measures in both factories and offices to promote energy efficiency and mitigate climate change risks.

CLIMATE CHANGE MITIGATION MEASURES

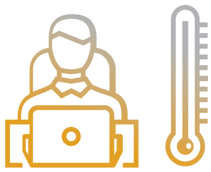
Factories

- Implemented the **Japanese 7S management framework** in the factory for energy saving
- Improved the production process to **shorten the machine operating time** in the drying process
- Installed the **Modified Mechanical Vapor Recompression ("MVR") system** to reduce electricity, water, and steam consumption
- Implemented a **"10-day work, 3-day rest"** policy to shut down all the equipment during 3 resting days
- Installed **electric meters to monitor electricity** consumption in factories to identify any abnormality
- Installed **steam ejection pumps** for waste heat collection and re-use
- **Warehouse air conditioning system** can be controlled separately, to optimise electricity usage



Office

- Kept the office temperature between **24 °C and 26 °C**
- Adopted **LED lighting** with higher energy efficiency
- Procured **energy-efficient electrical appliances** with energy labels



In addition to the above measures, the Group plans to reduce GHG emissions by installing solar panels in future years.

Energy Consumption

	Unit (Note 1, 2, 3, 4)	2025	2024
Total Electricity Consumption	MWh	6,735	6,625
	GJ	24,245	23,851
Total Petrol Consumption(Note 4)	L	1,505	3,216
	GJ	52	112
Total Diesel Consumption(Note 4)	L	100	529
	GJ	4	20
Total Liquified Petroleum Gas Consumption	kg	-	562
	GJ	-	27
Total Natural Gas Consumption	m^3	1,104,578	801,558
	GJ	34,463	25,009
Total Energy Consumption	GJ	58,764	49,019
Total Energy Intensity(Note 5)	GJ/million revenue	174.834	128.292

Note 1: 1 MWh = 3.6 GJ

Note 2: Petrol energy intensity as 0.0349 GJ/L, diesel energy intensity as 0.0385 GJ/L (Source: HKEX Appendix 2: Reporting Guidance on Environmental KPIs).

Note 3: 1 GJ = 1,000 megajoules ("MJ"); liquified petroleum gas energy intensity as 47.3 MJ/kg, and natural gas energy intensity as 31.2 MJ/m^3 (Source: IPCC 2006 Guidelines for National Greenhouse Gas Inventories).

Note 4: The decrease in the total petrol and diesel consumption in the Reporting Period compared to the previous year is attributed to the reduction in transportation-related fuel use, which aligns with the environmental targets we set for improving energy efficiency and lowering emissions.

Note 5: The intensities are rounded to three decimal places to enhance the comprehensiveness of the data presentation.

GHG emissions (Note 6)

	Unit	2025	2024
Direct GHG emissions (Scope 1)	tonnes of CO_2 equivalent (tCO_2e)	2,196	1,401
Indirect GHG emissions (Scope 2)	tCO_2e	3,856	4,074
Total GHG emissions	tCO_2e	6,052	5,475
Total GHG emissions intensity (Note 7)	tCO_2e/million revenue	18.006	14.329

Note 6: Calculation standards and methodologies for carbon emissions: Carbon emissions are calculated using "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX. The sources of published emission factors for the disclosure of carbon emissions are:

- Latest sustainability reports of the local utility companies, including Hong Kong Electric and CLP
- "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX
- "Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprise" published by the National Development and Reform Commission of the People's Republic of China

Note 7: The intensities are rounded to three decimal places to enhance the comprehensiveness of the data presentation.

7.3. Water & Wastewater Management

The Group is dedicated to reducing water consumption and utilising water responsibly throughout our operations. Our water consumption was primarily attributed to product manufacturing, equipment cooling and daily cleaning at factories and offices. The Group has developed our water-related targets and will continue to review its progress. Despite having no difficulties in sourcing water, the Group remains committed to minimising water pollution and improving efficiency via the following strategies:

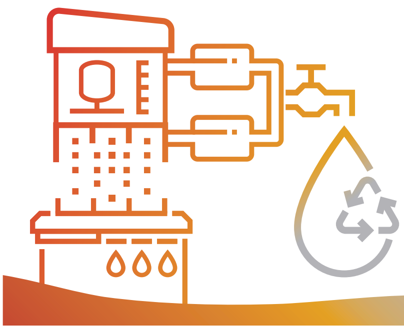
WATER CONSUMPTION TARGETS

Reduce the water consumption intensity for 2030 by 20%

compared to the intensity for 2020

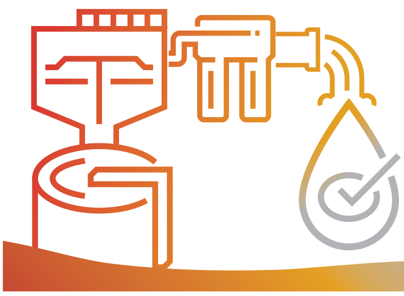
WATER EFFICIENCY ACTIONS

Water Consumption



- Implemented **Japanese 7S management framework** in the factory for water saving
- **Collected water vapour** generated by the equipment in the production process for cleaning use
- Replaced Freon cooling systems with **water curtain cooling system**
- Applied **water cooling system** for equipment, such as heat exchanger and vacuum pump to ensure **water was used and recycled at 100%**
- **Installed irrigation sprinkler** to control and save water
- Used **river water** for irrigation

Wastewater management



- Equipped wastewater treatment station which has the capacity of **490 tonnes of wastewater treatment per day**
- Ensured wastewater has met the **Integrated Wastewater Discharge Standards** set by the PRC government before it discharged into the municipal sewer network

Water consumption

	Unit	2025	2024
Total water consumed	m^3	116,873	157,662
Total water intensity[Note 8]	m^3/million revenue	347.718	412.630
Total wastewater consumed	m^3	95,750	74,301
Total wastewater intensity[Note 8]	m^3/million revenue	284.875	194.459

Note 8: The intensities are rounded to three decimal places to enhance the comprehensiveness of the data presentation.

7.4. Waste Management

As a TCM manufacturer and clinical service provider, our operations generate both hazardous and non-hazardous waste during the manufacturing process and acupuncture services, which include acupuncture needles used in the clinics and chemical products in the testing laboratory. Therefore, it is crucial for us to closely monitor our waste production and reduce our waste footprint. To mitigate the potential environmental impacts of hazardous waste, the Group has established and regularly reviews specific waste reduction targets and issued comprehensive guidelines for the management of hazardous waste. It is the responsibility of our staff to sort and handle hazardous waste before our licensed waste collector proceeds with waste collection. In addition, the Group has adopted the following initiatives to minimise non-hazardous waste disposal:

WASTE REDUCTION TARGETS

Reduce the non-hazardous waste intensity for 2030 by

20%

compared to the intensity for 2020

Reduce the hazardous waste intensity for 2030 by

20%

compared to the intensity for 2020

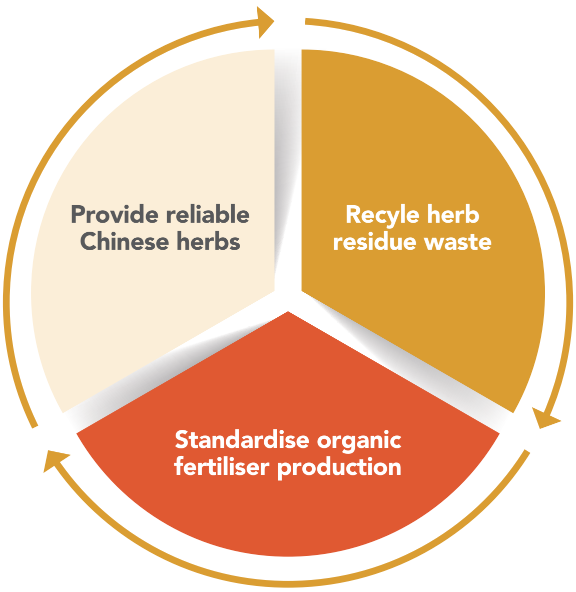
Waste management initiative

The Group actively participates in the Plastic Bottles Collection Scheme of designated recyclers. In the Reporting Period, **26,400 plastic bottles, a total of 1,504 kg, were recycled.**

Sorted and recycled the packaging materials in the production process, such as cartons, plastic bags, plastic bottles, and iron wire.

The Group's manufacturing plants are expected to produce **1,608 tonnes of wet herb residue in 2025.** To dispose of the herb residue waste properly and enhance its added value, the Group **uses advanced technology to transform herb residue into organic fertiliser**, which can be used to grow TCM at our plantation base.

The Group adheres to the following process to implement a sustainable waste management process:



Waste management

	Unit	2025	2024
Non-hazardous waste			
Herbal residues	tonne	1,608	1,231
General refuse	tonne	2	4
Packaging materials	tonne	174	145
Recycled waste	tonne	–	5
Non-hazardous waste intensity(Note 9)	tonne/ million revenue	4.790	3.625
Hazardous waste			
Acupuncture waste	kg	41	8
Hazardous liquid waste	L	4,400	4,136
Hazardous liquid waste intensity(Note 9)	L/million revenue	13.092	10.825
Hazardous solid waste	tonne	1	1
Hazardous solid waste intensity(Note 9)	tonne/ million revenue	0.003	0.002

Note 9: The intensities are rounded to three decimal places to enhance the comprehensiveness of the data presentation.

8. BUILDING OUR TALENTED TEAM

PuraPharm believes that human resources represent the cornerstone of our most invaluable assets. Hence, the Group is committed to building a professional and harmonious team, providing support and fostering continuous developing.

8.1. Attracting and Retaining Talents

Our employment policy is founded upon principles of integrity, equality and fairness. We are dedicated to providing a work environment that is both fair and safe, where equal opportunities are extended to all. Candidates are assessed based on their experience, skills and qualifications, regardless of their gender, age, religion or other irrelevant criteria in relation to their suitability for the position.

In addition to our commitment to eradicating discrimination and harassment, the Group strictly adheres to all relevant labour laws and regulations and prohibits the employment of child labour and forced labour. The Human Resources Department verifies the candidates' identities and working permits to prevent any instances of child labour and forced labour. There were no reported violations on relevant labour regulations that have a significant impact on the Group during the Reporting Period.

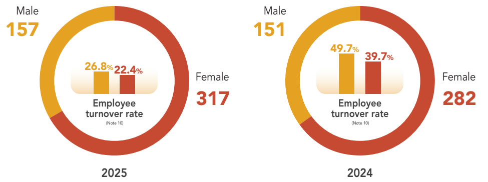
To incentivise our employees for their productivity and loyalty, PuraPharm offers competitive remuneration packages along with attractive fringe benefits, including special leaves, medical insurance and Employee Discount Programmes, and regularly reviews the welfare policies and packages. The Group also promotes work-life balance and fosters an inclusive culture. In this regard, the Group organises regular staff activities to enhance team communication and employees' sense of belonging.

During the Reporting Period, the Group had a total of 474 employees across Hong Kong and the PRC. The breakdown of the workforce by different categories are shown as below:

EMPLOYMENT BREAKDOWN

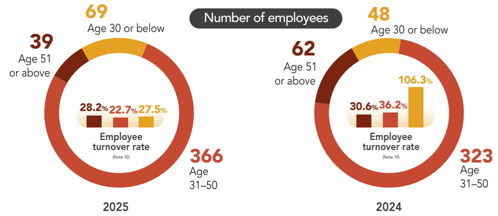
Breakdown by Gender

Number of employees



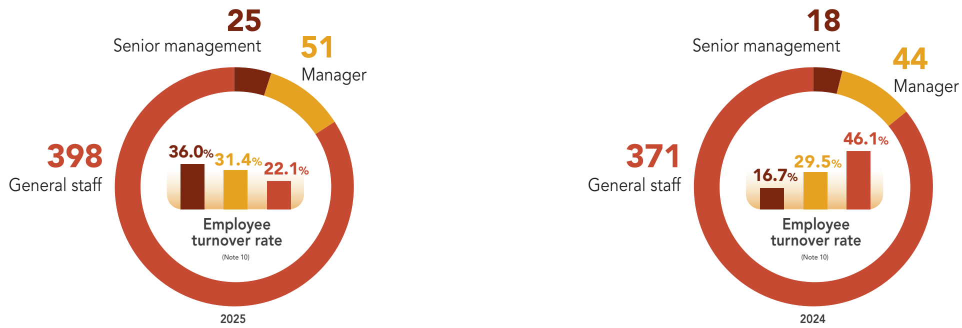
Breakdown by Age Group

Number of employees



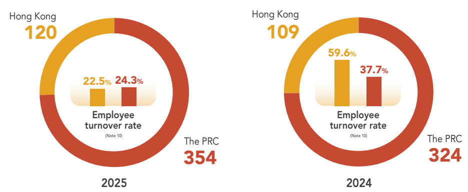
Breakdown by Employee Category

Number of employees



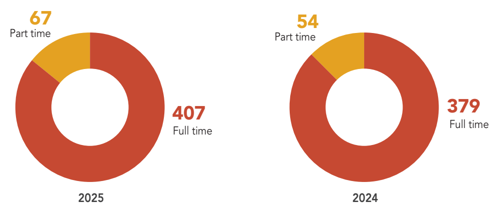
Breakdown by Geographical Location

Number of employees



Breakdown by Employment Type

Number of employees



Note 10: The calculation of turnover rate is shown below:

Turnover rate = L(x)/E(x) * 100%

L(x) = Employees leaving employment during the Reporting Period

E(x) = Total number of employees at the end of the Reporting Period

During the Reporting Period, the Group continued to promote employee engagement by organising a variety of activities. In Shenzhen offices and Hong Kong Science Park Office, the Christmas celebration featured festive decorations, interactive games and gift exchanges, enabling employees to socialise in a relaxed setting while fostering team spirit. To foster creativity and festive connection, the Hong Kong Science Park Office also held a leather cardholder workshop. These initiatives provided opportunities for employees to connect beyond their daily work routines, encouraged cultural appreciation and reinforced a collaborative and inclusive workplace culture.

Figure 1. Christmas Celebration

Figure 2. Leather Cardholder Workshop

The Shenzhen business unit also organised other initiatives, including a high tea gathering and a Dragon Boat Festival event. The Dragon Boat Festival celebration promoted cultural appreciation and employee engagement through a traditional mugwort bouquet DIY workshop, where materials were prepared on site and participants created their own bouquets using a combination of "three mugwort stems, two golden ball flowers, and two calamus leaves". In addition, the event offered complimentary wellness herbal drinks and a branded Nong Ben Fang backpack as a small gift. The event provided an enjoyable opportunity for employees to experience traditional festival customs while promoting health and team interaction.

Figure 3. Traditional Mugwort Bouquet DIY Workshop for the Dragon Boat Festival Celebration

8.2. Protecting Our Staff

The Group is committed to establishing a work environment where employees can maximise their physical and mental qualities. The Group has implemented multiple safety policies to maintain a safe working environment and minimise potential occupational hazards. The Group provides education and training to help employees implement important safety measures, cultivate a safety culture and adopt new safety technologies. Regarding physical protection, the Group requires frontline workers to wear personal protective equipment and offers annual free health check-ups. Our Health and Safety Team conducts routine safety inspections to ensure that all employees operate in a safe manner and are equipped with the appropriate personal protective equipment.

The Group has actively organised workshop on occupational health laws, regulations and prevention knowledge to the employees as part of its ongoing commitment to promoting a safe and healthy working environment. These workshops are designed to enhance employees' understanding of relevant occupational health legislation, regulatory requirements, and best practices in workplace health and safety management. Through these training sessions, employees are provided with comprehensive information on occupational health risks, potential workplace hazards, and effective preventive measures to mitigate such risks.


Figure 4. Occupational Health Laws, Regulations, and Prevention Workshop

In addition, during the Reporting Period, the Shenzhen business unit visited an employee who was working from home due to an ankle injury and delivered a small care package, demonstrating care for staff members' physical and emotional wellbeing and fostering a compassionate and supportive workplace culture.

Figure 5. Home Visit to Injured Employee

Safety in workplace is one of the priorities of the Group. The Group consistently organised fire safety training on the use and locations of fire extinguishers, fire hydrants, and emergency evacuation routes. The training was designed to strengthen employees' fire safety awareness and improve their preparedness in responding to potential fire incidents. During the sessions, employees received practical guidance on the correct operation of firefighting equipment, the importance of keeping fire protection facilities accessible, and the procedures to follow for safe and orderly evacuation. By enhancing employees' knowledge and emergency response capabilities, the Group aims to minimise fire-related risks and ensure the safety of its workforce and workplace.

Figure 6: Fire Safety Training

The Group conducted a production safety accident emergency response drill to strengthen employees' preparedness in handling workplace emergencies. As part of the drill, employees participated in practical first aid training, including cardiopulmonary resuscitation ("CPR") using a training manikin, to simulate medical assistance during a potential production safety incident. The exercise allowed participants to familiarise themselves with emergency response procedures and practice life-saving techniques under guidance. Through such hands-on training, the Group aims to enhance employees' emergency response capabilities, improve coordination during safety incidents, and ensure timely assistance in the event of workplace accidents, thereby safeguarding the health and safety of employees.

Figure 7: Production Safety Accident Emergency Response Drill

The Group has complied with all local laws and regulations relating to workplace hazard prevention, occupational health and safety. As a result of these strict safety measures, the Group has achieved and maintained 0 fatalities due to work-related accidents for the past three years, including the Reporting Period, while 21 lost days due to work-related accidents in the Reporting Period were recorded.

8.3. Nurturing Our People

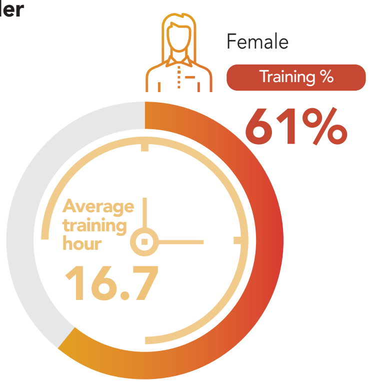
The Group is committed to employing staff with sufficient skills, knowledge, professional qualifications, experience and judgement to carry out their duties responsibly and has developed a training policy as well as offered specialised training programmes to our team based on their job nature and personal interest. For instance, the Group offers GMP training to the quality assurance and production team and provides product training to the sales and marketing team. Besides, the Group provides external training subsidies to our employees for them to pursue their personal development or enhance their expertise. The Human Resources Department conducts annual performance reviews of each employee and reviews training programmes on an annual basis.

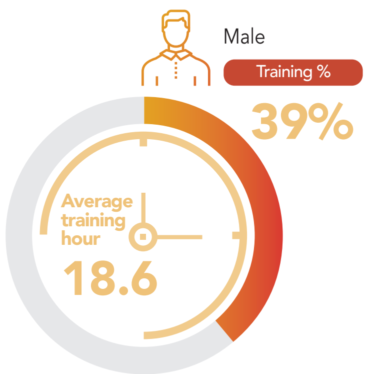
Figure 8: GMP Training

The Group has provided a total of 8,213 hours of training to our employees during the Reporting Period and the detail of the trainings is shown as below:

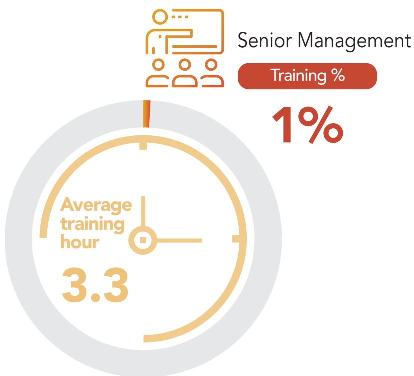
TRAINING AND DEVELOPMENT

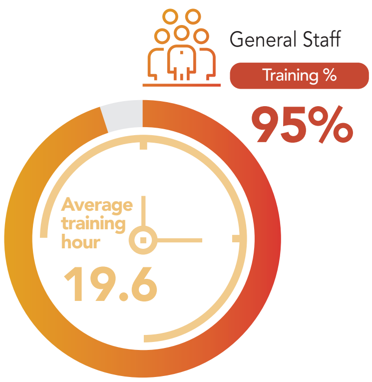
By Gender





By Employee Category





9. CARING FOR OUR COMMUNITY

Aligned with the Group's mission to promote longer, healthier, and happier lives, we have developed a Community Investment Policy to help us achieve our community objectives. PuraPharm is committed to making meaningful contributions in the following key areas:

- Advancing health and wellness within local and international communities, including hospital groups, healthcare organisations, and educational institutions;
- Raising public awareness and understanding of TCM; and
- Supporting local students in excelling academically and advancing their careers in the Chinese medical field.

During the Reporting Period, PuraPharm has contributed 7 months and around RMB9,563 (equivalent to around HKD10,807) in the above areas. The highlight of our community initiatives/activities in the Reporting Period includes:

Photo | Description

TWGHs Flag Day Selling

PuraPharm remains committed to supporting TWGH's ongoing efforts in medical services and education. During the Reporting Period, our employees volunteered in TWGH's flag-selling activities, contributing to fundraising for community health and welfare services. Donation boxes were also placed across PuraPharm's offices and clinics for a month to encourage contributions from clients and visitors. The Group's sustained commitment to advancing public health and community well-being was recognised through Certificates of Appreciation presented during TWGH's Flag Day in 2025.

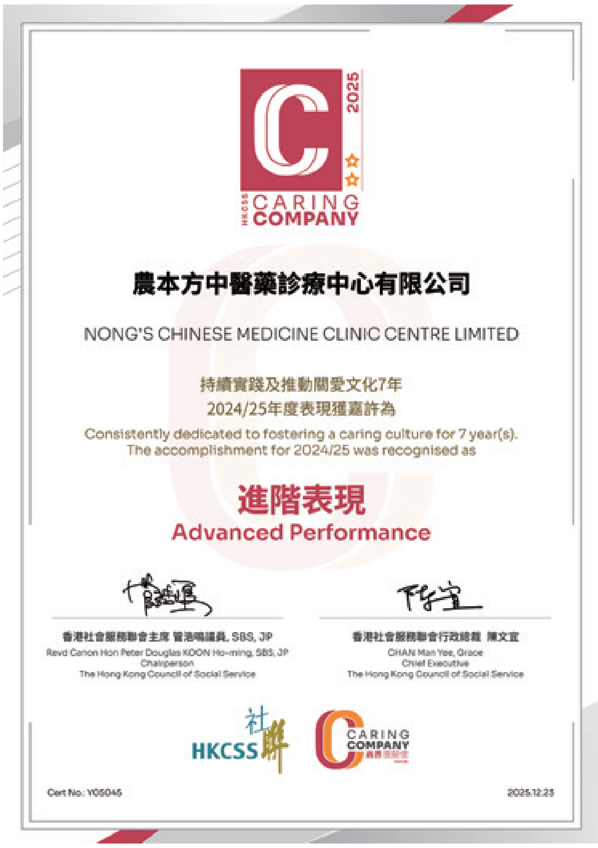
Free Chinese Medicine Consultation for the surrounding community

PuraPharm continued to demonstrate its commitment to community well-being through targeted public-benefit medical services. During the Reporting Period, the Company organised free consultation and medication programmes across two clinics in Shenzhen, Kexing Science Park and Maxland, each operating for a three-month period. Medical consultation vouchers were distributed in nearby science parks and commercial districts to provide complimentary diagnosis and essential herbal medicines. This cost-free access to primary Chinese medicine care reflected PuraPharm's dedication to supporting underserved groups, strengthening community health resilience, and promoting greater awareness of preventive healthcare.

10. SHARING OUR ACHIEVEMENT

With the collective efforts of our employees and the steadfast support of our business partners, PuraPharm has received numerous recognitions and awards during the Reporting Period.

Name	Issuer
Caring Company 2025 – Advanced Performance	The Hong Kong Council of Social Service Caring Company



11. LOOKING FORWARD

Dedicated to mankind's pursuit of a longer, healthier and happier life, PuraPharm remains dedicated to delivering quality products and services to our community through continuous innovation and progress in herbal medicine. In the meantime, PuraPharm is intensifying our endeavours to achieve our environmental goals and reduce our carbon footprint. The Group looks forward to shaping a healthy and sustainable environment, enabling everyone to live longer, healthier and happier.

12. ESG CONTENT INDEX

12.1. Part C: "Comply or Explain" Provisions

Aspect	KPI	Description	Statement/Section	Page No.
SUBJECT AREA (A) ENVIRONMENT				
A1: EMISSIONS				
A1	*General disclosure*	Information on: (a) the policies; and (b) compliance.	7 Protecting Our Planet The Group was not aware of any material non-compliance against relevant laws and regulations such as Air Pollution Control Ordinance of Hong Kong and Environmental Protection Law of the PRC during the Reporting Period.	65
	A1.1	The types of emissions and respective emissions data.	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption As the primary energy source of the Group's operation is purchased electricity, air pollutant emission such as NOx and SOx is not material to the Group.	69
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.4 Waste Management	74
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.4 Waste Management	74
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7.4 Waste Management	74-76

Aspect	KPI	Description	Statement/Section	Page No.
A2: USE OF RESOURCES				
A2	*General disclosure*	Policies	7 Protecting Our Planet	65
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.3 Water & Wastewater Management	73
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.3 Water & Wastewater Management	73
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7.4 Waste Management	73
A3: THE ENVIRONMENT AND NATURAL RESOURCES				
A3	*General disclosure*	Policies	7 Protecting Our Planet	65-69
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7 Protecting Our Planet	65-69

Aspect	KPI	Description	Statement/Section	Page No.
A4: CLIMATE CHANGE				
A4	*General disclosure*	Policies	7.1 Climate Change	65
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.1 Climate Change	65
SUBJECT AREA (B) SOCIAL				
B1: EMPLOYMENT				
B1	*General disclosure*	Information on: (a) the policies; and (b) compliance.	8 Building Our Talented Team The Group had no reported violations on relevant labour regulations such as Employment Ordinance of Hong Kong that have a significant impact during the Reporting Period.	77
	B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	8.1 Attracting And Retaining Talents	78
	B1.2	Employee turnover rate by gender, age group and geographical region.	8.1 Attracting And Retaining Talents	78
B2: HEALTH AND SAFETY				
B2	*General disclosure*	Information on: (a) the policies; and (b) compliance.	8.2 Protecting Our Staff The Group had no reported violations on relevant labour regulations such as Occupational Safety and Health of Hong Kong and Production Safety Law of the PRC that have a significant impact during the Reporting Period.	81-84
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting period.	8.2 Protecting Our Staff	81-84
	B2.2	Lost days due to work injury.	8.2 Protecting Our Staff	81-84
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	8.2 Protecting Our Staff	81-84

Aspect	KPI	Description	Statement/Section	Page No.
B3: DEVELOPMENT AND TRAINING				
B3	*General disclosure*	Policies	8.3 Nurturing Our People	85
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	8.3 Nurturing Our People	86
	B3.2	The average training hours completed per employee by gender and employee category.	8.3 Nurturing Our People	86
B4: LABOUR STANDARDS				
B4	*General disclosure*	Information on: (a) the policies; and (b) compliance.	8 Building Our Talented Team The Group was not aware of any material non-compliance against relevant laws and regulations such as Employment Ordinance of Hong Kong and Labour Law of the PRC during the Reporting Period.	77
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	8.1 Attracting And Retaining Talents	77
	B4.2	Description of steps taken to eliminate such practices when discovered.	8.1 Attracting And Retaining Talents	77

Aspect	KPI	Description	Statement/Section	Page No.
B5: SUPPLY CHAIN MANAGEMENT				
B5	*General disclosure*	Policies	6.1 Sustainable Supply Chains	60
	B5.1	Number of suppliers by geographical region.	6.1 Sustainable Supply Chains	62
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Sustainable Supply Chains	60-62
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1 Sustainable Supply Chains	60-62
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Sustainable Supply Chains	60-62

Aspect	KPI	Description	Statement/Section	Page No.
B6: PRODUCT RESPONSIBILITY				
B6	*General disclosure*	Information on: (a) the policies; and (b) compliance.	6.2 Sustainable Products The Group was not aware of any material non-compliance against relevant laws and regulations such as Chinese Medicine Ordinance of Hong Kong and Advertising Law of the PRC during the Reporting Period.	62
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.2 Sustainable Products	64
	B6.2	Number of products and service-related complaints received and how they are dealt with.	6.2 Sustainable Products	64
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2 Sustainable Products	64
	B6.4	Description of quality assurance process and recall procedures.	6.2 Sustainable Products	64
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.2 Sustainable Products	64

Aspect	KPI	Description	Statement/Section	Page No.
B7: ANTI-CORRUPTION				
B7	*General disclosure*	Information on: (a) the policies; and (b) compliance.	6.1 Sustainable Supply Chains The Group was not aware of any material non-compliance against relevant laws and regulations such as Prevention of Bribery Ordinance of Hong Kong and Criminal Law of the PRC during the Reporting Period.	60
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.1 Sustainable Supply Chains	62
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	6.1 Sustainable Supply Chains	60-62
	B7.3	Description of anti-corruption training provided to directors and staff.	6.1 Sustainable Supply Chains	60-62
B8: COMMUNITY INVESTMENT				
B8	*General disclosure*	Policies	9 Caring For Our Community	87
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9 Caring For Our Community	87-88
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9 Caring For Our Community	87-88

12.2. Part D: Climate-related Disclosures

Description	Statement/Section	Page No.
(I) GOVERNANCE		
19. An issuer shall disclose information about:		
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	4 Sustainability Governance	56-57
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	4 Sustainability Governance	56-57
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	4 Sustainability Governance	56-57
(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	4 Sustainability Governance	56-57
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	4 Sustainability Governance	56-57
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:		
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	4 Sustainability Governance	56-57
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	4 Sustainability Governance	56-57

Description	Statement/Section	Page No.
(II) STRATEGY 20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:		
(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	7.1 Climate Change	66-69
(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	7.1 Climate Change	66-69
(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	7.1 Climate Change	66-69
(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	7.1 Climate Change	66-69
21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:		
(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	7.1 Climate Change	66-69
(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	The Group is in the early stages of developing internal data collection mechanisms to support the identification of climate-related risks and opportunities across its business model and value chain.	66-69

Description	Statement/Section	Page No.
22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:		
(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:		
(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	7.1 Climate Change	66-69
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	7.1 Climate Change	66-69
(iii) any climate-related transition plans the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	While we are aware of the importance of setting out a clear roadmap for transitioning to a lower-carbon and more climate-resilient business model, our current work is still at an early stage. We are developing the key assumptions, dependencies, or scenario pathways that would form the basis of a transition plan in the coming reporting periods.	66-69
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	7.1 Climate Change	66-69

Description	Statement/Section	Page No.
23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	7.1 Climate Change 7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	66-69
24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Currently, we are at an early stage of conducting a comprehensive assessment to quantify or qualitatively evaluate the financial impacts of climate-related risks and opportunities on our financial position, performance, or cash flows for the reporting period. We are also identifying which climate-related risks and opportunities may affect the value of assets and liabilities in our financial statements in the coming reporting period.	69-72

Description	Statement/Section	Page No.
26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:		
(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	The Group is developing our internal data collection mechanisms and exploring opportunities to potentially conduct climate-related scenario analysis in future reporting cycle.	69-72

Description	Statement/Section	Page No.
(b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.		

Description	Statement/Section	Page No.
(III) RISK MANAGEMENT 27. An issuer shall disclose information about:		
(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	7.1 Climate Change	66-69
(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	7.1 Climate Change	66-69
(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	The Group is developing our internal data collection mechanisms and exploring opportunities to potentially conduct climate-related scenario analysis in future reporting cycle.	66-69
(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	7.1 Climate Change	66-69
(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	7.1 Climate Change	66-69
(v) how the issuer monitors climate-related risks; and	7.1 Climate Change	66-69
(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	7.1 Climate Change	66-69
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	7.1 Climate Change	66-69
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	7.1 Climate Change	66-69

Description	Statement/Section	Page No.
(IV) Metrics and Targets 28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:		
(a) Scope 1 greenhouse gas emissions;	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(b) Scope 2 greenhouse gas emissions; and	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(c) Scope 3 greenhouse gas emissions.	The Group is in the process of establishing internal data collection mechanisms and is strengthening engagement with value chain stakeholders, with the aim of providing Scope 3 emissions disclosures in future reporting.	69-72
29. An issuer shall:		
(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(b) disclose the approach it uses to measure its greenhouse gas emissions including:	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72

Description	Statement/Section	Page No.
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-72
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	The Group is in the process of establishing internal data collection mechanisms and is strengthening engagement with value chain stakeholders, with the aim of providing Scope 3 emissions disclosures in future reporting.	69-72
30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	At present, the Group has not fully quantified or disclosed the amount and proportion of its assets or business activities that are exposed to climate-related transition or physical risks, aligned with climate-related opportunities, or attributable to capital expenditure, financing, or investment related to climate-related risks and opportunities, while the Group is actively enhancing its risk management framework and data systems to enable future reporting.	N/A
31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.		
32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.		
33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.		

Description	Statement/Section	Page No.
34. An issuer shall disclose:		
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	We currently do not apply an internal carbon price in its investment or decision-making processes.	N/A
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.		
35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	4 Sustainability Governance	56-57
36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	We have not disclosed industry-based climate metrics specific to our sector. Current disclosures primarily focus on general environmental indicators, such as energy consumption, greenhouse gas emissions, and water use.	N/A

Description	Statement/Section	Page No.
37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:		
(a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption 7.3 Water & Wastewater Management 7.4 Waste Management	69-76

Description	Statement/Section	Page No.
38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:		
(a) whether the target and the methodology for setting the target has been validated by a third party;	The target methodology has been developed and validated using internal management systems to ensure strong alignment with operational realities. This is regarded as an important initial step, and external validation will be considered at a later stage.	N/A
(b) the issuer's processes for reviewing the target;	7.2 Greenhouse Gas ("GHG") Emissions and Energy Consumption	69-76
(c) the metrics used to monitor progress towards reaching the target; and	7.3 Water & Wastewater Management	
(d) any revisions to the target and an explanation for those revisions.	7.4 Waste Management	
39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.		

Description	Statement/Section	Page No.
40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:		
(a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	We have selected an energy management-oriented target as the primary metric for our Scope 1 and Scope 2 decarbonisation objectives because it directly addresses internal energy consumption, which is fully within our operational control, readily actionable, and closely aligned with facility performance. Energy efficiency is not affected by fluctuations in external electricity grid emission factors, enabling a more stable assessment of internal management performance. With Scope 3 emissions currently less manageable, energy management represents the most practical and near-term mechanism for progress.	N/A
41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	At present, the Company has not fully adopted or disclosed cross-industry and industry-based climate metrics relevant to our sector.	N/A

Corporate Governance Report

PuraPharm Corporation Limited
– 2025 Annual Report

Corporate Governance Report

PuraPharm Corporation Limited
– 2025 Annual Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The mission, purpose and value of the Group is that we dedicate ourselves to humanity's quest for longer, healthier, happier lives through innovation and modernisation of Chinese medicine.

The Board establishes the Company's purpose, values and strategy as "we dedicate ourselves to humanity's quest for longer, healthier and happier lives through innovation and modernisation of Chinese medicine", and is satisfied that these and the corporate culture of the Group are aligned. The Board seeks to promote a culture of integrity, accountability, lawful, ethical and responsible conduct across the Group, and considers that such culture supports the long-term sustainable development of the Company and the creation of long-term value for its shareholders and stakeholders.

The Company has adopted the code provisions stated in the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance. During the year ended 31 December 2025 (the "Review Period"), save as disclosed below, the Company has complied with all applicable code provisions set out in the Code.

Deviation from Code Provision C.2.1 of the Code

Pursuant to code provision C.2.1 of the Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. However, due to the nature and extent of the Group's operations and Mr. Chan Yu Ling, Abraham's indepth knowledge and experience in Chinese medicine and healthcare products and his familiarity with the operations of the Group, the Board considers that it is not preferable to find an alternative candidate to replace Mr. Chan Yu Ling, Abraham's and serve in either of the positions at this stage. As such, the role of the chairman and chief executive officer of the Company are not being separated pursuant to the requirement under code provision C.2.1 of the Code. Further, the Board believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Besides, all major decisions have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. There have been three Independent non-executive Directors in the Board during the Review Period that the independence element was sufficient in the Board.

The Board is therefore of the view that there are adequate balance of power and safeguards in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and to make changes at an appropriate time in the future if necessary.

Non-compliance with Rule 3.10(1), Rule 3.10(2), Rule 3.10A, Rule 3.21, Rule 3.25, and Rule 3.27A of the Listing Rules

Following the resignation of Mr. Ho Kwok Wah, George ("Mr. Ho") as the independent non-executive Director on 4 July 2025, the Board comprised three executive Directors, one non-executive Director and two independent non-executive Directors. As a result, the Company was not in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; (ii) Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.10A of the Listing Rules that the Company must appoint independent non-executive Directors representing at least one-third of the Board; (iv) Rule 3.21 of the Listing Rules that the audit committee of the Board (the "Audit Committee") must comprise a minimum of three members and must be chaired by an independent non-executive director; (v) Rule 3.25 of the Listing Rules that the remuneration committee of the Board (the "Remuneration Committee") must comprise a majority of independent non-executive Directors; and (vi) Rule 3.27A of the Listing Rules that the nomination committee of the Board (the "Nomination Committee") comprises a majority of independent non-executive directors.

On 29 August 2025, Dr. Hung Ting On, John ("Dr. Hung") was appointed as the independent non-executive Director and the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Following the appointment of Dr. Hung as an independent non-executive Director, the chairman of the Audit Committee, the member of the Remuneration Committee and the member of the Nomination Committee on 29 August 2025, the Company has re-complied with the requirements of Rule 3.10(1), Rule 3.10(2), Rule 3.10A, Rule 3.21, Rule 3.25, and Rule 3.27A of the Listing Rules.

A. THE BOARD OF DIRECTORS

1. Responsibilities

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising its affairs. The Board has established Board committees and has delegated to these Board committees' various responsibilities as set out in their respective terms of reference which are published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company.

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

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and the Company for the year ended 31 December 2025.

2. Delegation of Management Function

The Board is responsible for all major matters of the Group including the approval and monitoring of all major policies of the Group, overall strategies, internal control and risk management systems, notifiable and connected transactions, nomination of directors and company secretary of the Company (the "Company Secretary") and other significant financial and operational matters.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective operation. Upon reasonable request, all Directors can seek independent professional advice in appropriate circumstances, at the Company's expense.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensure that Board procedures and all applicable rules and regulations are followed.

The day-to-day management, administration and operation of the Group are delegated to the senior management under the leadership of the Executive Directors. The delegated functions are periodically reviewed. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance, internal controls, communication with Shareholders, delegation of authority and corporate governance.

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries.

Throughout the year ended 31 December 2025, in accordance with code provision D.1.2 of the Code, all Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Pursuant to code provision E.1.5 of the Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration band (HK$)	No. of individual
Nil–1,000,000	1
1,000,001-2,000,000	2
Over 2,000,001	1

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements in this annual report.

3. Board Composition

As at 31 December 2025, the Board consisted of eight Directors, including three Executive Directors, two Non-executive Director and three Independent non-executive Directors. Biographies of the Directors are set out on pages 9 to 12 of this annual report.

During the year 31 December 2025, the Board comprised the following Directors:

Executive Directors	Mr. Chan Yu Ling, Abraham *(Chairman and Chief Executive Officer)* Ms. Man Yee Wai, Viola Dr. Tsoi Kam Biu, Alvin (appointed on 30 June 2025)
Non-executive Directors	Mr. Dong Zimeng (appointed on 30 October 2025) Mr. Leung Stephen Kwok Keung
Independent non-executive Directors	Dr. Hung Ting On, John (appointed on 29 August 2025) Dr. Leung Lim Kin, Simon Prof. Tsui Lap Chee Mr. Ho Kwok Wah, George (resigned on 4 July 2025)

The length of tenure and current period of appointment of the Directors as at the date of this annual report are set out below:

Name of Director	Position	Date of first appointment as Director	Length of tenure as at the date of this annual report	Current period of appointment
Mr. Chan Yu Ling, Abraham	Chairman, Chief Executive Officer and Executive Director	2 December 2011	About 14 years	Three-year term automatically renewable unless terminated by either party
Ms. Man Yee Wai, Viola	Executive Director	2 December 2011	About 14 years	Three-year term automatically renewable unless terminated by either party
Dr. Tsoi Kam Biu, Alvin	Executive Director	30 June 2025	About 9 months	Three-year term automatically renewable unless terminated by either party
Mr. Leung Stephen Kwok Keung	Non-executive Director	14 June 2023	About 2 years	Three-year term automatically renewable unless terminated by either party

Name of Director	Position	Date of first appointment as Director	Length of tenure as at the date of this annual report	Current period of appointment
Mr. Dong Zimeng	Non-executive Director	30 October 2025	About 5 months	One-year term automatically renewable unless terminated by either party
Dr. Leung Lim Kin, Simon	Independent Non-executive Director	12 June 2015	About 10 years	Three-year term automatically renewable unless terminated by either party
Prof. Tsui Lap Chee	Independent Non-executive Director	12 June 2015	About 10 years	Three-year term automatically renewable unless terminated by either party
Dr. Hung Ting On, John	Independent Non-executive Director	29 August 2025	About 7 months	One-year term automatically renewable unless terminated by either party

Save as disclosed in this annual report, to the best knowledge of the Company, there is no financial, business, family, or other material relationships among members of the Board.

During the Review Period, the Board has at most of the times (except from 4 July 2025 to 29 August 2025) met the requirements of the Listing Rules relating to the appointment of at least three Independent non-executive Directors representing at least one-third of the Board and at least one Independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise which is in compliance with Rules 3.10 and 3.10A of the Listing Rules. For further details in relation to the non-compliance of Rule 3.10 and Rule 3.10A of the Listing Rules, please refer to the paragraph headed "Non-compliance with Rule 3.10(1), Rule 3.10(2), Rule 3.10A, Rule 3.21, Rule 3.25, and Rule 3.27A of the Listing Rules" above in this corporate governance report.

The Company has received written annual confirmation from each of the Independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Upon the recommendation of the Nomination Committee of the Company, the Company considers all Independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules.

4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association (the "Articles"). Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the Independent non-executive Directors and non-executive Director has signed an appointment letter with the Company for a term of three years unless terminated by a written notice not less than 30 days' prior to the termination serviced by either party on the other. The appointments are subject to the provisions of retirement and rotation of directors under the Articles.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for election or re-election by Shareholders at the first general meeting after appointment.

Pursuant to Rule 3.09D of the Listing Rules, each of the Directors appointed during the year had obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law regarding the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange before his appointment became effective.

The relevant Directors have confirmed that they understood their obligations as directors of the Company. Details are set out below:

- Dr. Tsoi Kam Biu, Alvin – legal advice obtained on 27 June 2025;
- Dr. Hung Ting On, John – legal advice obtained on 21 August 2025;
- Mr. Dong Zimeng – legal advice obtained on 22 October 2025.

Each of the above Directors confirmed that he understood his obligations as a Director of the Company.

5. Induction and Continuing Development for Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Pursuant with code provision C.1.4 of the Code, the Directors have been continually provided with information related to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities during the year ended 31 December 2025. Continuing briefing and professional development for Directors were arranged by the Group and its legal advisers.

As first-time directors, Mr. Dong Zimeng and Dr. Hung Ting On, John are required to complete the minimum continuous professional development hours within 18 months from the date of appointment as required by Rule 3.09H of the Listing Rules. The Company will continue to arrange and monitor the relevant training.

6. Directors Liability Insurance

The Company has always been in strict compliance with the principles and requirements of the Listing Rules. As at 31 December 2025, the Company was not involved in any material litigation liable by any Director. Each Director has the necessary qualification and experience required for performing their duties. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Notwithstanding, the Company has arranged for appropriate directors and officers liability insurance in respect of legal action against the Directors.

7. Board Meetings and General Meetings

The Board discusses the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The chairman has met with the Independent non-executive director without the presence of the other Directors. During the Review Period, the Board held four meetings and the annual general meeting of the Company was held on 27 May 2025 and the extraordinary general meeting was held on 24 October 2025. The attendance records of each Director at the Board meetings and general meetings (whether in person or by means of electronic communication) held during the year ended 31 December 2025 are set out below:

Name of Director	Board meeting	general meetings
Mr. Chan Yu Ling, Abraham	4/4	2/2
Ms. Man Yee Wai, Viola	4/4	2/2
Dr. Tsoi Kam Biu, Alvin (appointed on 30 June 2025)	3/3	1/1
Mr. Leung Stephen Kwok Keung	4/4	2/2
Mr. Dong Zimeng (appointed on 30 October 2025)	0/1	0/0
Mr. Ho Kwok Wah, George (resigned on 4 July 2025)	1/2	1/1
Dr. Leung Lim Kin, Simon	4/4	2/2
Prof. Tsui Lap Chee	4/4	2/2
Dr. Hung Ting On, John (appointed on 29 August 2025)	2/2	1/1

Practices and conduct of meetings

Annual meeting schedules and draft agendas of each meeting are made available to Directors in advance. Arrangements have also in place to ensure Directors are given an opportunity to include matters in the agenda.

Notices of regular Board meetings and committee meetings are served to all Directors at least fourteen days before the meetings. For other Board meetings, reasonable notice should be given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Company Secretary and her delegate are responsible for taking and keeping minutes of all Board meetings and committee meetings, which record sufficient details of the matters considered by the Directors and decisions made, including any proposal raised by the Directors or dissenting views expressed. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

8. Independence Views to the Board

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings. They can also seek assistance from the Company Secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

9. Board Performance Review

The Board recognises the importance of periodic evaluation of its performance and effectiveness. The Company has implemented regular evaluation of the Board's performance once every two years in the form of a questionnaire to all Directors individually. Such review may cover, among other things, the structure, composition, operation, effectiveness of the Board and Board committees, information flow to the Board, and discharge of the Board's responsibilities.

10. Board Skills Matrix

The Board has maintained a board skills matrix setting out the mix of skills, experience and diversity of perspectives represented on the Board. Having regard to the backgrounds, qualifications and experience of the Directors, the Board considers that the current Board possesses an appropriate balance of skills and experience relevant to the Group's business and strategic development, including traditional Chinese medicine, healthcare products, manufacturing, retail operations, finance and accounting, risk management, information technology and international investment. The Board will continue to review the board skills matrix from time to time having regard to the Group's business needs, succession planning and strategic direction, and will consider whether any additional skills or experience would further enhance the effectiveness of the Board.

B. BOARD COMMITTEES

The Board has established four committees, namely, the Remuneration Committee, Audit Committee, Nomination Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Group's affairs. All of these four committees of the Company are established with defined written terms of reference. The majority of the members of the Remuneration Committee, Audit Committee and Nomination Committee are Independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. Remuneration Committee

The Company has established the Remuneration Committee with its written terms of reference in compliance with the Code. During the Review Period, the Remuneration Committee comprises three Independent non-executive Directors as follows:

Dr. Leung Lim Kin, Simon *(Chairman, Independent non-executive Director)*
Dr. Hung Ting On John *(Independent non-executive Director)* (appointed on 29 August 2025)
Prof. Tsui Lap Chee *(Independent non-executive Director)*
Mr. Ho Kwok Wah, George (resigned on 4 July 2025) *(Independent non-executive Director)*

The primary roles and functions of the Remuneration Committee include, but not limited to (i) making recommendations to Directors on the remuneration policy of the Group and structure of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining the terms of the remuneration package of the Directors and senior management with reference to their time commitment and responsibilities, employment condition in the Group, and comparable companies.

The Remuneration Committee has adopted the model described in code provision E.1.2(c)(ii) of the Code, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Review Period, the Remuneration Committee reviewed and made recommendations to the Board to determine remuneration package for Directors and senior management of the Group. During the Review Period, no matter relating to share schemes was required to be reviewed or approved by the Remuneration Committee. The attendance records of the Remuneration Committee meetings held during the Review Period are set out below:

Name of Director	Meeting attended/ Total
Dr. Leung Lim Kin, Simon *(Chairman)*	3/3
Dr. Hung Ting On John (appointed on 29 August 2025)	1/3
Prof. Tsui Lap Chee	3/3
Mr. Ho Kwok Wah, George (resigned on 4 July 2025)	1/3

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to Shareholders' approval.

2. Audit Committee

The Company has established the Audit Committee with its written terms of reference in compliance with the Listing Rules and the Code. During the Review Period, the Audit Committee comprises three Independent non-executive Directors as follows:

Dr. Hung Ting On John *(Chairman, Independent non-executive Director)* (appointed on 29 August 2025)
Dr. Leung Lim Kin, Simon *(Independent non-executive Director)*
Prof. Tsui Lap Chee *(Independent non-executive Director)*
Mr. Ho Kwok Wah, George (resigned on 4 July 2025) *(Former Chairman, Independent non-executive Director)*

The chairman of the Audit Committee, Dr. Hung Ting On John, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary roles and functions of the Audit Committee include, but not limited to (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standard; (ii) reviewing the Company's financial information; (iii) reviewing the financial controls, internal control and risk management systems of the Group; (iv) reviewing financial and accounting policies and practices of the Group; and (v) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and appropriate follow-up action.

During the Review Period, the Audit Committee has, among others, considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management; reviewed the interim results for the six months ended 30 June 2025 and the annual financial results for the year ended 31 December 2025 and considered that the annual results were in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee had also reviewed the effectiveness and performance of the Group's risk management and internal control systems and internal audit plan. During the Review Period, the Audit Committee also reviewed the independence and objectivity of the external auditor and the effectiveness of the audit process, and reviewed the effectiveness of the Group's internal audit function.

The attendance records of the Audit Committee held during the Review Period are set out below:

Name of Director	Meeting attended/ Total
Dr. Hung Ting On John *(Chairman)* (appointed on 29 August 2025)	0/1
Dr. Leung Lim Kin, Simon	2/2
Prof. Tsui Lap Chee	2/2
Mr. Ho Kwok Wah, George (resigned on 4 July 2025)	1/1

3. Nomination Committee

The Company has established the Nomination Committee with its written terms of reference in compliance with the Listing Rules and the Code. During the Review Period, the Nomination Committee comprises five members, the majority of whom are Independent non-executive Directors:

Mr. Chan Yu Ling, Abraham
(Chairman, Executive Director)
Ms. Man Yee Wai, Viola *(Executive Director)*
(appointed on 30 June 2025)
Dr. Hung Ting On John
(Independent non-executive Director)
(appointed on 29 August 2025)
Dr. Leung Lim Kin, Simon
(Independent non-executive Director)
(appointed on 30 June 2025)
Prof. Tsui Lap Chee
(Independent Non-executive Director)
Mr. Ho Kwok Wah, George
(resigned on 4 July 2025)
(Independent non-executive Director)

The primary roles and functions of the Nomination Committee include, but not limited to: (i) reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors; (ii) monitoring the appointment and succession planning of Directors; and (iii) assessing the independence of Independent non-executive Directors.

During the Review Period, the Nomination Committee, among other things: -

1. reviewed the structure, size, composition and skills mix of the Board;
2. assisted the Board in reviewing and maintaining the Board skills matrix;
3. assessed the independence of the independent non-executive Directors;
4. considered the time commitment and contribution of each Director to the Board and whether each Director was able to devote sufficient time to discharge his/her responsibilities effectively, having regard to his/her qualifications, work experience, directorships in other listed companies and other significant external commitments;
5. reviewed succession planning for Directors, in particular the Chairman and the Chief Executive Officer; and
6. reviewed the Board Diversity Policy and its implementation.

The attendance records of the Nomination Committee meeting held during the Review Period are set out below:

Name of Director	Meeting attended/ Total
Mr. Chan Yu Ling, Abraham *(Chairman)*	3/3
Ms. Man Yee Wai, Viola (appointed on 30 June 2025)	2/3
Dr. Hung Ting On John (appointed on 26 August 2025)	1/3
Dr. Leung Lim Kin, Simon (appointed on 30 June 2025)	2/3
Prof. Tsui Lap Chee	3/3
Mr. Ho Kwok Wah, George (resigned on 4 July 2025)	1/3

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process in accordance with the nomination policy of the Nomination Committee and the board diversity policy of the Company by making reference to a range of diversity perspectives.

Nomination Policy

The Company has adopted a nomination policy (the "Nomination Policy") which sets out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement of Directors, and re-election of Directors. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the policy, and the summary of which is set out below:

- review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of Independent non-executive Directors having regard to the requirements under the Listing Rules; and

- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for Directors in particular the Chairman and Chief Executive of the Company.

- support the regular evaluation of the Board's performance.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;

- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy;

- any measurable objectives adopted for achieving diversity on the Board;

- for Independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following Director nomination procedures:

Appointment of New and Replacement Directors

i. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

ii. Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

i. Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to Shareholders prior to a general meeting in accordance with the Listing Rules.

ii. Any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary within the lodgement period specified in the relevant Shareholder circular (a) a written nomination of the candidate; (b) written confirmation from such nominated candidate of his/her willingness to stand for election; and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all Shareholders for information by a supplementary circular.

Directors' time commitment

The Company requires Directors to disclose to the Company, at the time of appointment and in a timely manner upon any change, the number and nature of offices held in public companies or organisations and other significant external time commitments. The Board and the Nomination Committee take such disclosures into account when assessing whether each Director is able to devote sufficient time to the affairs of the Company and discharge his/her responsibilities effectively. Based on the review conducted during the year, the Board considered that each Director had devoted sufficient time to the Company.

Board Diversity Policy

The Board Diversity Policy (the "Board Diversity Policy") was adopted by the Company in June 2015. The Policy aims to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. In reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, race, language, cultural and educational background, industry experience and professional experience that would enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of core business and strategy of the Group, and support succession planning and development of the Board. The Nomination Committee will review the Policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board. The Company aims to maintain an appropriate balance of diversity perspectives of the Board in supporting the attainment of its strategic objectives and its sustainable development.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one female member with immediate effect and may further increase in the next five years, in which case the Board considered gender diversity has been archived.

As at the date of this annual report, the Board comprises eight Directors, one of whom is female. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and board diversity (including gender diversity) has been achieved. The Board will continue review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suits the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from management, Shareholders and advisors of the Company, or internal promotion, with regarding to the range of diversity perspectives set forth in the Board Diversity Policy.

Review of the Board Diversity Policy

The Board, upon the recommendation made by the Nomination Committee, had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2025, the Group had a total of 441 employees (excluding Directors), of whom 0.91% were members of senior management and 99.09% were other employees. The gender ratio of the Group's senior management was approximately 75% male and 25% female. The gender ratio of the Group's workforce excluding senior management and Directors was approximately 36% male and 64% female.

The Board considered that gender diversity of the workforce of the Group has been well maintained during the year. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

4. Environmental, Social and Governance Committee

The Company has established the Environmental, Social and Governance ("ESG") Committee in August 2021. As at the date of this annual report, the Environmental, Social and Governance Committee is chaired by Dr. Tsoi Kam Biu, Alvin with three other members of the Company.

Dr. Tsoi Kam Biu, Alvin *(Chairman)*
Mr. Siu, Anthony
Mr. Kwong Kar Fai
Ms. Zhou Jian
Mr. Lam Wing Hung (resigned on 9 July 2025)

The primary roles and functions of the ESG Committee include, but not limited to: (i) provide oversight on behalf of and to the Board in relation to the Group's ESG strategy and activities; (ii) review the ESG policies and initiatives of the Group ensuring they remain effective and up to date; (iii) ensure compliance with legal and regulatory requirements including corporate governance principles and industry standards, applicable to the Company; and (iv) ensure all stakeholders receive appropriate information about the Group's ESG activities.

During the Review Period, one meeting was held by the Environmental, Social and Governance Committee and all members attended the meeting.

C. MODEL CODE FOR SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealing as set out in the Model Code during the year ended 31 December 2025 and the Board was of the view that the Model Code has been fully complied with during the year ended 31 December 2025.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees (including directors or employees of a subsidiary or holding company of the Company) who are likely to possess inside information of the Company and/or its securities.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

D. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 168 to 172.

For the year ended 31 December 2025, the fees paid/payable to BDO for the audit service were HK$2,000,000.

There were no fee paid/payable to BDO for non-audit services for the year ended 31 December 2025.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the financial statements for the financial year, which give a true and fair view of the financial position of the Company and the Group and of the results and cash flows of the Group for that year and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and have prepared disclosure of the financial position of the Group with reasonable accuracy at any time.

Details of the going concern basis adopted by the Directors and the material uncertainty relating to going concern are set out in note 2.1 to the consolidated financial statements and the section headed "Material Uncertainty Related to Going Concern" in the Independent Auditor's Report.

E. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal control system in order to safeguard the Group's assets and Shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time.

During the year, the annual review covered all material controls, including financial, operational and compliance controls, and considered, among other things:

(i) the changes, since the last annual review, in the nature and extent of significant risks faced by the Group, including ESG-related risks, and the Group's ability to respond to changes in its business and external environment;

(ii) the scope and quality of management's ongoing monitoring of risks and internal control systems;

(iii) the effectiveness of the Group's internal audit function;

(iv) the extent and frequency of communication of monitoring results to the Board and the Audit Committee;

(v) any significant control failings or weaknesses identified and the related remedial actions taken or proposed; and

(vi) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting and ESG-related functions.

The Group had the internal audit function, details of which are stated in the Risk Management Report in this annual report.

During the year ended 31 December 2025, the Audit Committee, which was delegated by the Board, has reviewed and evaluated the effectiveness of the risk management and internal control system of the Group. The review has covered the financial reporting process and risk management aspects of the Group. Such review shall be conducted annually. Upon the recommendation of the Audit Committee, the Board believes that the existing internal control system is adequate and effective.

For further information in relation to the risk management and internal control system of the Group's, please refer to the Risk Management Report in this annual report.

The Company has established whistleblowing arrangements for employees and those who deal with the Group to raise concerns, in confidence and anonymity where appropriate, about possible improprieties in financial reporting, internal control or other matters.

The Company has also adopted anti-corruption policy and procedures to promote and support compliance with applicable anti-corruption laws and regulations. Relevant guidance and/or training is provided to employees from time to time to reinforce ethical business conduct and compliance awareness.

F. INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make informed investment decisions.

The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The chairman of the Board, the chairmen of the Remuneration Committee, Audit Committee and Nomination Committee, or, in their absence, other members of the respective committees are available to answer questions at the general meetings.

The Shareholders' Communication Policy

The Company has adopted a Shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.purapharm.com) or by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.purapharm.com) subsequent to the close of the general meetings.

Corporate Communications

- Pursuant to the Rule 2.07 of the Listing Rules, the Company has adopted electronic dissemination of corporate communications, which include annual report, interim report, circular, notice of meeting, listing document and proxy form ("Corporate Communications"). Both the English and Chinese versions of all future Corporate Communications will be available electronically on the website of the Company at www.purapharm.com and the Stock Exchange at www.hkexnews.hk in place of printed copies.

- If any Shareholders would like to receive the Corporate Communications in printed form, please complete and return the request form obtainable at the website of the Company at www.purapharm.com to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or send an email to purapharm.ecom@computershare.com.hk specifying your name, address and request to receive the Corporate Communications in printed form.

- Shareholders are encouraged to provide their up-to-date contact details (including electronic contract details) to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www. purapharm.com) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

Communication with the Company

- Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Unit 201-207, 2/F, Wireless Centre, Phase One, Hong Kong Science Park, Tai Po, New Territories, Hong Kong, or by the following means:

Email address:	info@purapharm.com
Telephone number:	(852) 2840 1840
Fax number:	(852) 2840 0778

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above Shareholders' communication means and measures adopted by the Company, the Board is of the view that the Shareholders' communication policy implemented during the Review Period was sufficient and effective.

G. SHAREHOLDER RIGHTS

The Board endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the Shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To ensure the rights of all Shareholders, separate resolutions are proposed at the general meeting on each substantial issue, including but not limited to connected transactions, substantial acquisitions and election of individual Director.

Shareholders may at any time send their enquiries to the Board in writing to the principal place of business of the Company which contact details are as follows:

Address:	Unit 201-207, 2/F, Wireless Centre, Phase One, Hong Kong Science Park, Tai Po, New Territories, Hong Kong
Email:	info@purapharm.com
Tel:	(852) 2840 1840
Fax:	(852) 2840 0778

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate Communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communications (in hard copy or through electronic means).

Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

H. COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and Ms. Chan Charmayne has been appointed as the Company Secretary of the Company on 31 July 2021. For the year ended 31 December 2025, Ms. Chan Charmayne had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. Since Ms. Chan Charmayne is an external service provider, Mr. Chan Yu Ling, Abraham, the Chairman and executive Director, would be the person at the Company whom Ms. Chan Charmayne can contact according to code provision C.6.1 of the Code.

I. DIVIDEND POLICY

Subject to the Companies Act of the Cayman Islands and the Articles of Association of the Company, the Board may declare dividends to Shareholders with reference to the following factors:

- the general financial condition of the Group;
- capital and debt level of the Group;
- (future cash requirements and availability for business operations, business strategies and future development needs;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the general market conditions; and
- any other factors that the Board considers appropriate.

Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Any declaration and/or payment of future dividends under the above dividend policy (the "Dividend Policy") are/is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board endeavours to strike a balance between the Shareholders' interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

As disclosed in the "Management Discussion and Analysis" section of this annual report, the Board did not recommend the payment of a final dividend for the year ended 31 December 2025. This decision was made after taking into account the Group's financial performance and the need to preserve adequate working capital to navigate the current challenging market conditions.

J. CONSTITUTIONAL DOCUMENT

During the Reporting Period, there was no change to the Memorandum and Articles of Association of the Company.

Risk Management Report

PuraPharm Corporation Limited
– 2025 Annual Report

Risk Management Report

PuraPharm Corporation Limited
– 2025 Annual Report

A. RISK GOVERNANCE

The Board has overall responsibility to the Group's risk management. The following highlights the key risk management measures made by the Group during the year ended 31 December 2025:

- Management conducted annual self-risk assessment in 2025. Nature and extent of the risks exposed to the Group were identified and evaluated. Relevant internal controls were proposed and implemented to mitigate the identified risks to an acceptable level.

- Various policies and procedures have been adopted with defined authority for effective segregation of duties, controls and risk management, and they are subjected to regular review.

- Whistleblowing Policy was adopted to facilitate internal reporting of any malpractice and unethical conduct within the Group without fear of reprisal and victimisation.

- Anti-Corruption Management Policy was adopted to set out minimum standards in recognising circumstances which may lead to or give the appearance of involving corruption or unethical business conduct, to help avoid conduct which is clearly prohibited, and to encourage employees in the Group to seek appropriate guidance promptly when needed.

- Continuous Disclosure and Communication Policy was adopted to provide employees with guidelines on reporting and disseminating inside information, maintaining confidentially and complying with dealing restrictions.

- Comprehensive Risk Management Policy, which set out principles of risk management, objectives, risk management structure and workflow of annual risk management, was adopted. The policy aims to enhance the process of risk identification, prioritise identified risks and facilitate management to formulate business strategy and support decision making.

- Escalation and Risk Incident Reporting Policy was adopted to provide a framework for effective communication and action from appropriate stakeholders.

- The Company engaged an external consultant to assist the Board in conducting independent reviews of the adequacy and effectiveness of the Group's risk management and internal control systems. The review result was reported to the Board on a regular basis. The scope of the review covers all material aspects of internal controls, including strategic, financial, operational and compliance risk management controls.

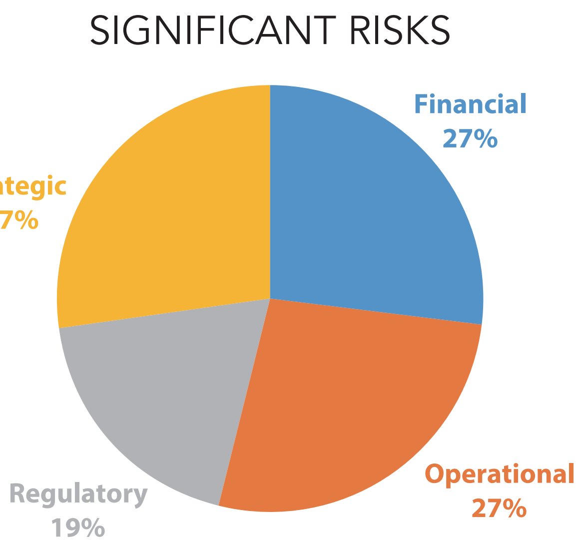
B. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group manages the risks associated with its business and operations in pursuit of its strategic and business objectives. The Group has established its own Enterprise Risk Management ("ERM") framework which is designated to enhance risk management and to provide reasonable assurance against material misstatement or loss. The ERM framework provides a simple and effective management process to identify and review risks and corresponding mitigation measures across the Group and prioritise resources to those risks that arise. It also provides a clear view of the significant risks which the Group is facing and is used to support decision making.

C. SIGNIFICANT RISKS

In 2025, the Board oversaw a Group-wide annual risk assessment conducted in accordance with the Group's Enterprise Risk Management (ERM) framework. The assessment reviewed key risks across the Group's businesses and evaluated potential risks that may arise from ongoing operations. Each identified risk was assessed and rated as high, medium or low based on the likelihood of occurrence and potential consequences, taking into account the effectiveness of existing mitigation measures. The resulting risk ratings and rankings indicate the level of management attention and risk treatment required. Based on the assessment, the major risk types were identified and grouped into four categories, as illustrated in the diagram below.

C1: Statistic on the Key Risk Exposures:



C2: Summary of the Key Risk Exposures:

- Decline in market demand and sales under high competition
- Slowdown in economic
- Changes in senior management

- Material uncertainties related to going concern
- Loss of revenue and profitability pressure
- Failure of counterparties to fulfill settlement obligations

- Unexpected changes in regulatory requirements
- ESG Reporting and environmental compliance

- Inability to sustain proper inventory levels
- High reliance on sales distributor
- IT systems and cybersecurity

C3: Details of Key Risks Identified

During the risk assessment for the year ended 31 December 2025, the following material risks were identified and ranked, together with their mitigation plans:

Category	Material risk identified and Mitigation plans
1. Financial	Material uncertainties related to going concern Material risk identified Significant net current liabilities arising from short-term borrowings create uncertainties that may cast doubt on the Group's ability to continue as a going concern and also give rise to liquidity and refinancing risks. Mitigation plans • Continue to follow a prudent treasury policy to manage the Group's cash and maintain healthy liquidity. • Proactively engage with banks and potential investors to secure new borrowings and explore additional sources of capital and financing. • Explore opportunities in new health-related products to diversify and expand revenue streams in the People's Republic of China (PRC), and overseas markets. • Regularly review cash flow forecasts and monitor liquidity to support operational sustainability and going-concern assessment. • Monitor and evaluate loan agreements, including covenant compliance and the valuation of pledged assets.
2. Financial	Loss of revenue and profitability pressure Material risk identified A decline in revenue driven by slowing consumer demand and intensified competition has put pressure on the Group's profitability. The China CCMG, clinics, plantation and US Herb segments continue to face profitability challenges. Net loss position may increase the risk of impairment of non-current assets. Mitigation plans • With gross profit margin remaining stable, we continue to enhance production efficiency to remain competitive against cost-driven rivals. • Promote diversification into healthcare products to expand our presence in the PRC and international markets and broaden revenue sources. • Strengthen analytical review of sales trends, sales targeting, and sales performance evaluation. • Implement cost budgeting and variance analysis to enhance cost monitoring. • Conduct regular impairment assessments for non-current assets.

Category	Material risk identified and Mitigation plans
3. Strategic	Decline in market demand and sales under high competition Material risk identified The demand for Traditional Chinese Medicine (TCM) is sensitive to the PRC healthcare policy shifts; as well as consumer sentiment and competition from both traditional TCM brands and new nutraceutical entrants. Declining demand and strong competition in the TMC market continued to weigh on the Group's revenue and profitability. Mitigation plans • Maintain and launch high-quality healthcare products to customers through innovation, research and development. • Leverage our strong market position to further enhance brand promotion and strengthen market presence. • Maintain product efficacy through continuous quality enhancement and differentiation, reinforcing our competitive advantage. • Diversify healthcare products and services to expand our customer base among private Chinese medicine practitioners and in the Greater Bay Area clinical and healthcare markets.
4. Regulatory	Unexpected changes in regulatory requirements Material risk identified We operate in a highly regulated TCM manufacturing environment and are subject to evolving national standards and Good Manufacturing Practice requirements. The release of the new national standard in 2025 from The National Medical Products Administration of the PRC (NMPA), requiring compliance-driven adjustments to formulations, processes, and materials, which may increase production as well as research and development (R&D) costs. Mitigation plans • Strengthen long-term investment in new production equipment and R&D to meet the new national standards. • Maintain designated teams to stay familiar with the latest national standards applicable to our products and adjust production formulations in a timely manner to meet regulatory requirements and market demand. • Make full use of the available grace period to align with the new requirements. • Maintain effective communication and coordinate with regulators to obtain up-to-date information, respond promptly to regulatory changes, and minimise impact of changes to the Group. • Expand market share through new product development, brand promotion, and leveraging existing competitive advantages.

Category	Material risk identified and Mitigation plans
5. Strategic	Slowdown in economic Material risk identified The Group's revenue is highly concentrated in Hong Kong and Chinese Mainland, exposing it to macroeconomic volatility, USA tariffs, RMB exchange fluctuations, and changes in PRC medical standards. Mitigation plans • Strengthen business-to-customer channels through e-commerce and customer relationship management to broaden our global membership base. • Perform analytical reviews of regional sales performance and formulate market strategies aligned with evolving sales trends. • Continue to expand international markets in the USA, Japan and Korea. • Develop and implement countermeasures proactively to mitigate the impact of economic downturns and foster resilience.
6. Financial	Failure of counterparties to fulfill settlement obligations Material risk identified Credit losses arose from counterparties' failure to fulfil settlement obligations. A significant impairment provision for trade and bills receivables was recognised due to slow collection and prolonged aging. Mitigation plans • Continue strengthening oversight of credit control and payment terms. Tighten credit limits, require prepayments or deposits, and apply shorter payment terms to high-risk counterparties. • Enhance recoverability through close communication with counterparties to confirm and follow up on outstanding settlements. • Review debt collection efforts and overdue balances regularly. Identify slow-paying customers early and escalate follow-up actions. • Evaluate and assess ECL model inputs, overlays, and assumptions to ensure impairment provisions are accurate and appropriate.

Category	Material risk identified and Mitigation plans
7. Strategic	Changes in senior management under product-based organisational structure Material risk identified Senior management personnel changed in 2025. Leadership turnover and governance transitions may require an adjustment period during succession, create inconsistencies in operational standards, and increase the risk of control gaps across business units. Mitigation plans • Senior management adopts a top-down coordination approach to align business units, ensuring consistent strategic direction and unified operational standards. • Develop and maintain clear delegation of authority and documented decision-making protocols. • Enhance and formalise group-level policies and procedures to standardise operations and ensure consistent adherence to established corporate requirements.
8. Regulatory	ESG Reporting and environmental compliance Material risk identified Amendments to the ESG Code under the Listing Rules introduce new challenges in complying with enhanced ESG reporting. TCM manufacturing involves environmental risks such as wastewater discharge, hazardous waste disposal, and energy consumption. Comprehensive ESG data collection and adequate disclosure are required to meet the latest ESG Code. Mitigation plans • The ESG committee has been established to oversee ESG governance, strategy, implementation and reporting. • Engage ESG consultants/experts to review ESG disclosure and assess compliance with ESG Code requirements. • Conduct regular reviews of environmental monitoring records and evaluate the accuracy and traceability of ESG data.

Category	Material risk identified and Mitigation plans
9. Operational	Inability to sustain proper inventory levels Material risk identified TCM granules and herbal products are subject to shelf-life risk. The modernisation of TCM requires continuous R&D investment and carries the risk of inventory write-offs arising from unsuccessful commercialisation of new formulations, replacement by updated products. Inventory may become unsustainable if national standards change frequently. Mitigation plans • Prepare rolling 12-month sales forecasts on a monthly basis to maintain appropriate inventory levels and reduce stock risk. • Adopt strategic stockpiling by procuring raw herbs at favourable prices and benchmarking against historical trends and management expectations. • Procure from large and reliable suppliers to stabilise the quality of raw Chinese herbs. • Enhance inventory management and shelf-life controls, including regular ageing reviews to identify slow-moving items for early follow-up. • Strengthen R&D project selection and governance to align with market forecasts and regulatory developments.
10. Operational	High reliance on sales distributor and retail operations Material risk identified Sales of CCMG are relied on external distributor and retail operations. Dependence on a limited number of key distributors further heightens concentration risk and exposes the Group to potential bargaining power imbalance. Operational disruptions, such as changes in distributor strategy, and insufficient retail presence, may lead to slower sell-through and inventory build-up. Mitigation plans • Implement a structured distributor selection and evaluation framework, conduct regular performance reviews on sell-through and regulatory compliance. • Reduce concentration risk by expanding the distributor network across regions and customer segments, and develop multi-channel sales strategies including e-commerce and owned clinics. • Strengthen brand presence through the Group's own sales, marketing, and promotional activities to reduce long-term dependency on distributors.

Category	Material risk identified and Mitigation plans
11. Operational	IT systems and cybersecurity Material risk identified The Group applies to a centralised IT system to support manufacturing operations, quality management, supply chain planning, and sales distribution. System failures, downtime, data loss, or cybersecurity incidents could disrupt production, delay order, or result in unauthorised disclosure of commercial, customer, R&D, or clinical information. Mitigation plans • Implement regular system maintenance, patching, and upgrades to ensure stability and performance. • Carry out regular data backups, off-site storage, and encryption of sensitive information. • Monitor systems continuously for unauthorised access, malware, and suspicious activities. • Maintain a incident response plan and ensure business continuity plans cover manufacturing, logistics, and quality system.

D. CHANGES IN THE NATURE AND EXTENT OF SIGNIFICANT RISKS

According to the Corporate Governance Code to the Listing Rules set out in Appendix C1 D.2.1(a), the board's annual review should consider the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment.

Below table lists abovementioned changes:

		2025		2024		Trend
#	Risk Description	Risk level	Rank	Risk level	Rank	
1.	Material uncertainties related to going concern	High	1	High	1	→
2.	Loss of revenue and profitability pressure	High	2	Medium	6	↑
3.	Decline in market demand and sales under high competition	High	3	High	2 & 3	→
4.	Unexpected changes in regulatory requirements	Medium	4	Medium	4	→
5.	Slowdown in economics	Medium	5	Low	7	↑
6.	Failure of counterparties to fulfill settlement obligations	Medium	6	Medium	5	↓
7.	Changes in senior management under product-based organisational structure	Low	7	–	–	N/A
8.	ESG Reporting and environmental compliance	Low	8	–	–	N/A
9.	Inability to sustain proper inventory levels	Low	9	Low	8	↓
10.	High reliance on sales distributor and retail operations	Low	10	Low	10	→
11.	IT systems and cybersecurity	Low	11	–	–	N/A
12.	Easy entry market in the PRC	–	–	Low	9	N/A

Report of the Directors

PuraPharm Corporation Limited
– 2025 Annual Report

Report of the Directors

PuraPharm Corporation Limited
– 2025 Annual Report

The Directors present their report and the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and its subsidiaries have been principally engaged in the research and development, production and sale of concentrated Chinese medicine granule ("CCMG") products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and the manufacture and sale of Traditional Chinese Medicine ("TCM") decoction pieces as well as the rendering of Chinese medical diagnostic services. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and analysis of these activities and other disclosures as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 40 to 51 of this annual report. This discussion forms part of this directors' report.

RESULTS

The Group's profit for the year ended 31 December 2025 and the Group's financial position as at that date are set out in the consolidated financial statements on pages 173 to 278.

COMPLIANCE WITH THE LAWS AND REGULATIONS

During the year ended 31 December 2025 and up to the date of this annual report, the Group in all material aspects has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the year ended 31 December 2025 and up to the date of this annual report.

DIVIDEND POLICY

The Company has adopted a general dividend policy that aims to provide shareholders of the Company out of the Group's profit attributable to shareholders in any financial year. In proposing any dividend payout; the Board shall take into account, inter alia, the following factors:

- the Group's earnings and financial condition;
- the Group's operating requirements;
- capital requirements; and
- any other conditions that the Directors may deem relevant.

The payment of dividend is also subject to any restrictions under the applicable laws and the Articles of the Company.

For further information in relation to the dividend policy of the Company, please refer to the paragraph headed "Dividend Policy" in the corporate governance report in this annual report.

The Board resolved not to recommend the payment of final dividend for the year ended 31 December 2025 to the shareholders of the Company.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering in July 2015, after deduction of related issuance expenses, amounted to approximately HK$288.4 million (the "Net Proceeds"). The balance of the Net Proceeds brought forward from 31 December 2024 was approximately HK$6.4 million. As at 31 December 2025, the Group had fully utilised in accordance with the proposed applications set out in the Company's listing prospectus, as follows:

Use	Total approximate amount of Net Proceeds (in HK$ million)	Approximate percentage of Net Proceeds	Approximate amount utilised as at 31 December 2025 (in HK$ million)	Approximate amount utilised during the year ended 31 December 2025 (in HK$ million)	Approximate amount unutilised as at 31 December 2025 (in HK$ million)	Expected timeline for intended use
To expand manufacturing facilities and enhance existing production lines	86.5	30%	86.5	–	–	–
To establish new Nong's® Chinese medicine clinics in Hong Kong and the PRC	72.1	25%	72.1	–	–	–
To expand distribution network into new target cities in the PRC	57.7	20%	57.7	–	–	–
To fund the development and launch of two new proprietary Chinese medicine products	43.3	15%	43.3	6.4	–	–
Additional working capital of the Group	28.8	10%	28.8	–	–	–
	288.4	100%	288.4	6.4	–	

All proceeds have been fully utilised during the year ended 31 December 2025 according to the listing prospectus of the Company.

THE 2025 SUBSCRIPTION

As disclosed in the announcements of the Company dated 25 July 2025 and 24 October 2025 and the circular of the Company dated 3 October 2025, on 25 July 2025, the Company entered into a subscription agreement (the "Subscription Agreement") with Providence Discovery Fund, a sub fund of Providence Strategic Discovery OFC as subscriber (the "Subscriber"), which was ultimately owned by Mr. Dong Zimeng, for subscription of 46,512,000 new shares (the "Subscription Share(s)"), under specific mandate at the subscription price of HK$0.43 per Subscription Shares (the "Subscription"). The net price per Subscription Share was approximately HK$0.4257 and the closing price of the Shares on 25 July 2025, being the date on which the Subscription Agreement was signed, was HK$0.455 per Share. The Subscription Shares have an aggregate nominal value of US$46,512. The gross proceeds and the net proceeds (after deducting all related expenses incurred in the Subscription) from the Subscription are HK$20.00 million and approximately HK$19.80 million, respectively (the "Subscription Proceeds"). The market value of the Subscription Shares was approximately HK$21.16 million on the date on which the Subscription Agreement was signed. An extraordinary general meeting which approved the Subscription Agreement and the Subscription contemplated thereunder was held on 24 October 2025 and the Subscription was completed on 30 October 2025.

The reasons for the Subscription and an analysis of the utilisation of the Subscription Proceeds as at 31 December 2025 is set out below:

Intended use of proceeds	Total planned amount *in HK$ million*	Utilised amount during the Year *in HK$ million*	Unutilised net proceeds as at 31 December 2025 *in HK$ million*	Expected timeline for intended use
Phase 1 clinical trial to be conducted in Hong Kong	0.70	–	0.70	31 December 2032
Phase 2 clinical trial to be conducted in Hong Kong	3.20	–	3.20	31 December 2032
Phase 3 clinical trial to be conducted and new drug application in Hong Kong	4.70	–	4.70	31 December 2032
Clinical trial sample and registration as class 3 natural health product in Canada	5.70	–	5.70	31 December 2032
Toxicology testing and investigational new drug submission in U.S.	3.25	–	3.25	30 June 2028
General working capital	2.25	2.25	–	–
Total	19.80	2.25	17.55	

The Company will apply the unutilised portion of the Subscription Proceeds according to the disclosure in the circular of the Company dated 3 October 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, and an analysis of the Group's performance using financial key performance indicators is set out on page 278. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2025 are set out in note 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

The Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company had no reserve available for distribution.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made charitable contributions totaling HK$232,000.

MAJOR CUSTOMERS

For the year ended 31 December 2025, sales to the Group's five largest customers accounted for 21.7% (2024: 18.6%) of the total sales and sales to the largest customer included therein amounted to 7.9% (2024: 7.3%).

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

For details of the Group's relationship with customers, suppliers and employees, please refer to the paragraph headed "stakeholder engagement" in the Environmental, Social and Governance Report set out in page 57 of this annual report.

DIRECTORS

The directors of the Company during the year ended 31 December 2025 were:

Chairman and Executive Director:

Mr. Chan Yu Ling, Abraham

Executive Directors:

Ms. Man Yee Wai, Viola
Dr. Tsoi Kam Biu, Alvin (appointed on 30 June 2025)

Non-executive Directors:

Mr. Leung Stephen Kwok Keung
Mr. Dong Zimeng (appointed on 30 October 2025)

Independent non-executive Directors:

Dr. Hung Ting On, John (appointed on 29 August 2025)
Dr. Leung Lim Kin, Simon
Prof. Tsui Lap Chee
Mr. Ho Kwok Wah, George (resigned on 4 July 2025)

In accordance with Article 108 of the Articles of Association, at each annual general meeting, not less than one-third of the Directors shall be subject to retirement by rotation. As such, Ms. Man Yee Wai, Viola and Dr. Leung Lim Kin, Simon shall retire from office at the annual general meeting and, being eligible, will offer themselves for re-election at the annual general meeting.

In accordance with Article 112 of the Articles of Association, 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. As such, Dr. Tsoi Kam Biu, Alvin, Mr. Dong Zimeng and Dr. Hung Ting On, John shall retire from office at the annual general meeting and being eligible, will offer himself for re-election at the annual general meeting.

The independent non-executive directors are appointed for periods of three years subject to his or her retirement and re-election at annual general meeting in accordance with the Company's Articles.

The Company has received annual confirmations of independence under Rule 3.13 of the Listing Rules from Dr. Hung Ting On, John, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee, and as at the date of this annual report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 6 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other. Each of the Non-executive Director and Independent Non-executive Directors has signed an appointment letter with the Company for a term of three years unless terminated by a written notice not less than 30 days' prior to the termination serviced by either party on the other. The appointments are subject to the provisions of retirement and rotation of directors under the Articles. None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance, the results of the Group and recommendation from the remuneration committee. Details of the remuneration of the Directors and the five highest paid individuals of the Group for the year ended 31 December 2025 are set out in notes 8 and 9 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year ended 31 December 2025.

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

As at 31 December 2025, the Directors and chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Nature of interest	Number of ordinary Shares held or interested[1]	Percentage of the Company's issued share capital
Mr. Chan Yu Ling, Abraham	Interest of controlled corporations	271,343,202 (L)[2][3][4][5]	50.63%
("Mr. Abraham Chan")	Beneficial owner	40,108,267 (L)	7.48%
	Interest of spouse	8,226,050 (L)[6]	1.54%
	Beneficiary of a trust	30,000 (L)[9]	0.005%
Ms. Man Yee Wai, Viola	Interest of a controlled corporation	76,349,750 (L)[7]	14.25%
("Ms. Viola Man")	Beneficial owner	8,211,050 (L)	1.53%
	Interest of spouse	235,131,719 (L)[8]	43.88%
	Beneficiary of a trust	15,000 (L)[9]	0.003%
Dr. Tsoi Kam Biu, Alvin	Beneficial owner	2,527,000	0.47%
(appointed on 30 June 2025)	Beneficiary of a trust	45,000 (L)[9]	0.008%
Mr. Ho Kwok Wah, George	Beneficial owner	18,000 (L)	0.003%
(resigned on 4 July 2025)	Beneficiary of a trust	2,000 (L)[9]	0.0004%
Dr. Leung Lim Kin, Simon	Beneficial owner	18,000 (L)	0.003%
	Beneficiary of a trust	2,000 (L)[9]	0.0004%
Prof. Tsui Lap Chee	Beneficial owner	18,000 (L)	0.003%
	Beneficiary of a trust	2,000 (L)[9]	0.0004%

Notes:

1. The letter "L" denotes the person's long position in such securities.

2. Mr. Abraham Chan beneficially owns 50% of the issued share capital of Joint Partners Investments Limited ("Joint Partners"), which in turn wholly owns the entire issued capital of PuraPharm Corporation Limited ("PuraPharm Corp"), a limited liability company incorporated in the British Virgin Islands on 5 May 1998. PuraPharm Corp owns 76,349,750 Shares. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by PuraPharm Corp.

3. Mr. Abraham Chan beneficially owns the entire issued share capital of Fullgold Development Limited ("Fullgold Development"), which in turn owns 81,929,000 Shares. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by Fullgold Development.

4. Mr. Abraham Chan beneficially owns the entire issued share capital of Gold Sparkle Limited ("Gold Sparkle"), which in turn owns 19,576,080 Shares. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by Gold Sparkle.

5. Mr. Abraham Chan beneficially owns the entire issued share capital of BAGI Investment Limited and 52.54% of the issued share capital of BAGI Global Limited. BAGI Investment Limited and BAGI Global Limited, in turn, hold 55.89% and 27.25%, respectively, of the issued share capital of BAGI Group Limited, which wholly owns BAGI Holdings Limited. BAGI Holdings Limited wholly owns BAGI Research Limited. By virtue of the provisions of Part XV of the SFO, Mr. Abraham Chan is deemed to be interested in the shares held by BAGI Research Limited.

6. Mr. Abraham Chan is the spouse of Ms. Viola Man. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by Ms. Viola Man.

7. Ms. Viola Man beneficially owns 50% of the issued share capital of Joint Partners, which in turn wholly owns the entire issued capital of PuraPharm Corp. PuraPharm Corp owns 76,349,750 Shares. By virtue of the SFO, Ms. Viola Man is deemed to be interested in the Shares held by PuraPharm Corp.

8. Ms. Viola Man is the spouse of Mr. Abraham Chan. By virtue of the SFO, Ms. Viola Man is deemed to be interested in the Shares held by Mr. Abraham Chan.

9. These shares represent Shares granted to such directors pursuant to the Share Award Scheme, which are held on trust by the Share Award Scheme Trust until the Shares are vested. For further detail, please refer to the paragraph headed "Share Award Scheme" below.

10. All interests are calculated based on the total Shares in issue as at 31 December 2025, being 535,897,647.

Save as disclosed above, as at 31 December 2025, none of the Directors, chief executive of the Company and/or their respective associates had any personal, family, corporate or other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as was known to the Directors, the following entity (not being the Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of entity	Nature of interest	Number of Shares held or interested[(1)]	Percentage of the Company's issued share capital
PuraPharm Corp	Beneficial owner	76,349,750 (L)[(2)]	14.25%
Joint Partners	Interest of a controlled corporation	76,349,750 (L)[(2)(3)]	14.25%
Fullgold Development	Beneficial owner	81,929,000 (L)	15.29%
BAGI Investment Limited	Interest of a controlled corporation	93,488,372 (L)[(4)]	17.44%
BAGI Holdings Limited	Interest of a controlled corporation	93,488,372 (L)[(4)]	17.44%
BAGI Research Limited	Beneficial Owner	93,488,372 (L)[(4)]	17.44%
Providence Discovery Fund	Beneficial Owner	46,512,000(L)[(5)]	8.68%

Notes:

1. The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.

2. Mr. Abraham Chan and Ms. Viola Man beneficially own 50% and 50% of the issued share capital of Joint Partners, which in turn wholly owns the entire issued share capital of PuraPharm Corp.

3. PuraPharm Corp is wholly owned by Joint Partners. By virtue of the SFO, Joint Partners is deemed to be interested in the Shares held by PuraPharm Corp.

4. BAGI Investment Limited holds 55.89% of the issued share capital of BAGI Group Limited, which wholly owns BAGI Holdings Limited. BAGI Holdings Limited wholly owns BAGI Research Limited. By virtue of the SFO, BAGI Investment Limited is deemed to be interested in the Shares held by BAGI Research Limited.

5. Providence Discovery Fund is a sub-fund of Providence Strategic Discovery OFC, an open-ended fund company established and incorporated in Hong Kong pursuant to the Securities and Futures Ordinance and the Securities and Futures (Open-ended Fund Companies) Rules. The investment manager of Providence Discovery Fund is Providence Capital Group Limited, a company licensed by the Securities and Futures Commission to conduct Type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

6. All interests are calculated based on the total Shares in issue as at 31 December 2025, being 535,897,647.

Save as disclosed above, as at 31 December 2025, no person, other than a Director or chief executive of the Company, had registered an interest or short position in the Shares, underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

On 12 June 2015, the share option scheme (the "Share Option Scheme") was adopted by the then Shareholders and will be valid and effective for a period of 10 years from the adoption date on 12 June 2015 and shall expire on the day immediately preceding the tenth anniversary period (which expired on 11 June 2025). The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who would contribute to the success of the Group's operations. Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to, among others, any full-time employee and any Director or its subsidiaries, including any executive, non-executive or independent non-executive Directors.

Subject to the requirement of the Listing Rules, the maximum entitlement of each grantee of options in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being. The exercise price for shares options under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant. Any share options granted under the Share Option Scheme shall lapse in any event not later than ten years from the date of grant. A nominal value of HK$1.00 is payable on acceptance of each grant of share options. The period within which payments or calls must or may be made or loans for such purposes must be repaid for the amount payable on acceptance of the option under the rules of the Share Option Scheme is 30 days after the relevant date of grant of the options. The Board shall have the discretion to decide the period within which the shares must be taken up under the share options and the minimum period for which the share option must be held before it can be exercised.

During the year ended 31 December 2025, no options were granted by the Board. No options were exercised and no options were forfeited due to the resignation of employee during the year ended 31 December 2025.

As at 1 January 2025 and 31 December 2025, the total number of share which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme was both 23,962,424 shares. Since as at 1 January 2025 and 31 December 2025 that the number of issued shares of the Company was 395,897,275 shares and 535,897,647 shares, respectively, the total number of share to be issued upon the exercise of all outstanding options under the Share Option Scheme represents approximately 6.05% and 4.47% of the total number of issued shares of the Company.

As at 1 January 2025 and 31 December 2025, the total number of share available for issue under the Share Option Scheme was 31,789,294 and 0 shares, respectively, as the Share Option Scheme lapsed on 11 June 2025. Since as at 1 January 2025 and 31 December 2025 that the total number of issued shares of the Company was 395,897,275 shares and 535,897,647 shares, respectively, the total number of share available for issue under the Share Option Scheme represents approximately 8.03% and 0% of the total number of issued shares of the Company, respectively. There was no service provider sublimit set for the Share Option Scheme.

The total number of share which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme is as follows:

	The share which may be issued upon the exercise of all outstanding options	Percentage to the then number of issued shares
At the beginning of the year ended 31 December 2025	23,962,424	6.05%
At the end of the year ended 31 December 2025	23,962,424	4.47%
As at the date of this annual report	23,962,424	4.47%

The total number of share available for issue under the Share Option Scheme is as follows:

	The share available to grant under the scheme mandate limit	Percentage to the then number of issued shares	The share available to grant under the service provider sublimit	Percentage to the then number of issued shares
At the beginning of the year ended 31 December 2025	31,789,294	8.03%	Nil	Nil
At the end of the year ended 31 December 2025 *(Note)*	0	0%	Nil	Nil
As at the date of this annual report *(Note)*	0	0%	Nil	Nil

Note: The Share Option Scheme expired on 11 June 2025 and no option could be granted thereunder after its expiration.

There was no remaining life under the Share Option Scheme as at the date of this report as the Share Option Scheme expired on 11 June 2025.

Details of the options granted under the Share Option Scheme are as follows:

Grantees	Name of Director	Grant date	Exercise price	Vesting date	As at 1 January 2025	Number of options granted during the Reporting Period	Exercised during the Reporting Period	Adjustment/ cancelled/ lapsed during the Reporting Period	As at 31 December 2025
Directors	Mr. Chan Yu Ling, Abraham	9 May 2019	HK$2.3	10 May 2020	1,085,228	–	–	–	1,085,228
			(Note)	10 May 2021	1,085,228	–	–	–	1,085,228
		24 Jul 2020	HK$0.8	23 Jul 2021	1,740,000	–	–	–	1,740,000
				23 Jul 2022	1,740,000	–	–	–	1,740,000
		29 Dec 2022	HK$1,292	29 Dec 2023	1,925,000	–	–	–	1,925,000
				29 Dec 2024	1,925,000	–	–	–	1,925,000
	Ms. Man Yee Wai, Viola	9 May 2019	HK$2.3	10 May 2020	354,275	–	–	–	354,275
			(Note)	10 May 2021	354,275	–	–	–	354,275
		24 Jul 2020	HK$0.8	23 Jul 2021	1,740,000	–	–	–	1,740,000
				23 Jul 2022	1,740,000	–	–	–	1,740,000
		29 Dec 2022	HK$1,292	29 Dec 2023	1,925,000	–	–	–	1,925,000
				29 Dec 2024	1,925,000	–	–	–	1,925,000
	Dr. Tsoi Kam Biu, Alvin (appointed on 30 June 2025)	9 May 2019	HK$2.3	10 May 2020	354,275	–	–	–	354,275
			(Note)	10 May 2021	354,275	–	–	–	354,275
		24 Jul 2020	HK$0.8	23 Jul 2022	871,000	–	–	–	871,000
Sub-total for Directors					19,118,556	–	–	–	19,118,556
Former Directors	Mr. Chan Kin Man, Eddie (retired on 28 May 2021)	9 May 2019	HK$2.3	10 May 2020	1,085,228	–	–	–	1,085,228
			(Note)	10 May 2021	1,085,228	–	–	–	1,085,228
		24 Jul 2020	HK$0.8	23 Jul 2021	871,000	–	–	–	871,000
				23 Jul 2022	871,000	–	–	–	871,000
	Dr. Norimoto Hisayoshi (retired on 20 November 2023)	09 May 2019	HK$2.3	10 May 2020	44,285	–	–	–	44,285
			(Note)	10 May 2021	44,285	–	–	–	44,285
				10 May 2022	44,284	–	–	–	44,284
				10 May 2023	44,284	–	–	–	44,284
		24 Jul 2020	HK$0.8	23 Jul 2021	66,667	–	–	–	66,667
				23 Jul 2022	66,667	–	–	–	66,667
				23 Jul 2023	66,666	–	–	–	66,666
Sub-total for former Directors					4,289,594	–	–	–	4,289,594

Grantees	Name of Director	Grant date	Exercise price	Vesting date	As at 1 January 2025	Number of options granted during the Reporting Period	Exercised during the Reporting Period	Adjustment/ cancelled/ lapsed during the Reporting Period	As at 31 December 2025
Employees		9 May 2019	HK$2.3	10 May 2020	88,570	–	–	–	88,570
			(Note)	10 May 2021	88,568	–	–	–	88,568
				10 May 2022	88,568	–	–	–	88,568
				10 May 2023	88,568	–	–	–	88,568
					354,274	–	–	–	354,274
		24 July 2020	HK$0.8	23 July 2021	–	–	–	–	–
				23 July 2022	100,000	–	–	–	100,000
				23 July 2023	100,000	–	–	–	100,000
					200,000	–	–	–	200,000
Sub-total for employees					554,274	–	–	–	554,274
Total					23,962,424	–	–	–	23,962,424

Note: As a result of the completion of the Rights Issue, assuming no other adjustment events under the terms and conditions of the Share Option Scheme having been triggered and pursuant to (i) the terms and conditions of Share Option Scheme; and (ii) Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules, the exercise price of the Share Options and the number of Shares which may fall to be issued upon exercise of the subscription rights attaching to the outstanding Share Options granted before the completion of the Rights Issue has been adjusted.

During the Reporting Period, no options under the Share Option Scheme were granted, exercised, cancelled or lapsed.

SHARE AWARD SCHEME

The Board adopted a share award scheme on 22 February 2016 (the "Share Award Scheme") in which any employee and non-executive Director of the Company and/or any member of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group (the "Eligible Award Participants") will be entitled to participate. Under the Share Award Scheme, no new share could be issued thereunder.

Purpose

The purposes of the Share Award Scheme are:

1. to recognise and motivate the contributions by certain Eligible Award Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;

2. to attract suitable personnel for further development of the Group; and

3. to provide certain Eligible Award Participants with a direct economic interest in attaining a long term relationship between the Group and certain Eligible Award Participants.

Eligible Award Participants of the Share Award Scheme

The Eligible Award Participants of the Share Award Scheme are employees and non-executive Directors of the Company and/or any member of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group, but excluding any employees and non-executive Directors of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group.

Total number of shares available to be granted

The Share Award Scheme does not involve any issue of new shares.

The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administrating the Share Award Scheme by a professional trustee (the "Trustee"). The Share Award Scheme Trust will acquire the Shares from the Stock Exchange, with a maximum amount of funds to be allocated by the Board, and hold such Shares until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date.

The Board has resolved in February 2016 that a sum of HK$10,000,000 be provided for the purchase of the Shares to be awarded to the Eligible Award Participants to be selected by the Board.

As at 1 January 2025 and 31 December 2025 and the date of this report, the Share Award Scheme Trust held 844,335 shares (the "Award Shares") (31 December 2024: 844,335 Award Shares), which were available to be granted to the Eligible Award Participant, representing approximately 0.2%, 0.2% and 0.2% of the issued shares, respectively. During the year ended 31 December 2025, no share (2024: nil) was purchased by the Share Award Scheme Trust through the Stock Exchange and no share (2024: nil) was vested on during the year ended 31 December 2025.

The Group recognised no net share award expense for the year ended 31 December 2025 (2024: nil).

Maximum Entitlement of the Eligible Award Participant

The Board may, from time to time, at its absolute discretion select any Eligible Award Participant for participation in the Share Award Scheme as a selected participant (the "Selected Participant") and determine the number of Awarded Shares to be awarded to the respective Selected Participants, the terms and conditions before the Awarded Shares may be vested and other related matters as expressly provided under the Share Award Scheme.

The Board shall not make any further grant of award of shares under the Share Award Scheme such that the total number of shares granted under the Share Award Scheme will exceed 5% of the total number of issued shares as of 22 February 2016, being the date of which the Share Award Scheme was adopted.

Vesting Period of the Awarded Shares

A Selected Participant shall be entitled to receive the Awarded Shares held by the Trustee in accordance with the vesting schedule upon when the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the award. Vesting of the Shares will be conditional on the Selected Participant remaining a director or employee of the Group until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee. There is no exercise period in relation to the Awarded Shares.

Amount payable on acceptance of the Awarded Shares

The Board shall be at its discretion entitled to determine the amount payable on acceptance of the Awarded Shares. There is no exercise price or purchase price of the Awarded Shares under the Share Award Scheme.

Remaining life of the Share Award Scheme

The Share Award Scheme shall terminate on the earlier of the 10th anniversary date from 22 February 2016 or such date of early termination as determined by the Board. As at the date of this report, the Share Award Scheme has expired and there was no remaining life thereunder.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any unvested Shares held under the Share Award Scheme Trust (including but not limited to the Awarded Shares, further shares acquired out of the income derived therefrom, the returned shares, any bonus shares and scrip shares).

Awarded Shares

During the Reporting Period and up to the date of this annual report, there was no outstanding or unvested Awarded Shares under the Share Award Scheme.

During the Reporting Period, no Award Shares were granted (2024: nil).

The number of Shares that may be issued in respect of options and Award Shares, if any, granted under all of the abovementioned share incentive schemes of the Company during the Reporting Period divided by the weighted average total issued share capital of the Company for the Reporting Period is nil (2024: nil).

CONNECTED TRANSACTIONS

On 25 July 2025, the Company and BAGI Research Limited (the "Licensor"), a company with limited liability incorporated in Hong Kong, which is indirectly wholly owned by BAGI Group Limited, which in turn is controlled by Mr. Chan Yu Ling Abraham, who is a controlling shareholder, the chairman of the Board, the chief executive officer and the executive Director and, therefore, a connected person of the Company, entered into the patent licence agreement (the "Patent Licence Agreement"), pursuant to which the Licensor agreed to grant to the Company an exclusive non-transferable licence of the intellectual properties (the "Lisenced IP"). In consideration of the grant of the Licensed IP, the Company agreed to allot and issue an aggregate of 93,488,372 Consideration Shares (the "Consideration Shares") at issue price of HK$0.43 per Consideration Share (the "Issue Price") to the Licensor as a one-off non-refundable licence fee of HK$40,200,000. The net Issue Price was HK$0.43 per Consideration Share.

According to the Patent Licence Agreement, the Licensor shall grant an exclusive non-transferable licence of the Licensed IP to the Company, pursuant to which the Company shall be entitled to research, design, develop, manufacture, or have manufactured, use and sell or otherwise supply the products manufactured by the Company using the Licensed IP on a worldwide basis.

The Licensed IP, which are the subject matter of the Patent Licence Agreement, are the patents as well as the data, documents and know-how in respect of or in connection with the patents for two uses, namely, (i) treating inflammation and modulating immune responses and (ii) isolation of cimiracemate A, registered in jurisdictions including China, the U.S., Canada, Australia, Japan, Europe and Hong Kong, including any continuations, continuations in part, extensions, reissues, divisions, and including any patents, supplementary protection certificates and similar rights that are based on or derive priority from the foregoing, and the BN101E Project.

At the completion, the Consideration Shares, which ranked pari passu with ordinary shares, were allotted and issued, free from all encumbrances, pursuant to the specific mandate approved by the shareholders at the extraordinary general meeting held on 24 October 2025. The 93,488,372 Consideration Shares issued to the Licensor represents approximately 23.61% of the issued share capital of the Company before the completion and approximately 17.45% of the issued share capital of the Company as enlarged by the allotment and issue of both the Consideration Shares and the Subscription Shares with Providence Discovery Fund. The total nominal value of the Consideration Shares were US$93,488.37. The Issue Price represents a discount of approximately 5.5% to the closing price of HK$0.455 per share quoted on the date of the Patent Licence Agreement.

Obtaining the licence in respect of the Licensed IP (including the intellectual property rights in the BN101E Project) will represent an important strategic business expansion for the Group to support its long-term vision of modernising traditional medicine through scientific validation and technological advancement. The Group expects that such move will drive sustainable revenue growth, establish a foothold in the high-value Western pharmaceutical market, broaden market reach, and deliver enhanced value to shareholders through increased competitiveness and global expansion. When developed, the licensed products will be indigenously developed local branded drugs and will foster Hong Kong as a leading hub in branded drug and Chinese medicine development.

The Patent Licence Agreement also enhances the Group's research and development capabilities and leverage on the screening technologies and botanical drug expertise of the BN101E Project, and is in line with the development strategy and the ordinary and usual course of business of the Group.

The Patent Licence Agreement and the transactions contemplated thereunder constituted a non-exempted connected transaction under Chapter 14A of the Listing Rules. The Patent Licence Agreement and the transactions contemplated thereunder were approved by the independent shareholders at an extraordinary general meeting held on 24 October 2025.

Save as disclosed above, there has been no connected transaction or continuing connected transaction entered into by the Group which require disclosure under Chapter 14A of the Listing Rules during the year ended 31 December 2025.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the year ended 31 December 2025 are set out in note 35 to the consolidated financial statements. None of the related party transactions would constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Pursuant to the deed of non-competition dated 16 June 2015 entered into by Fullgold Development, Joint Partners, PuraPharm Corp, Mr. Abraham Chan, Ms. Viola Man (collectively known as the "Covenantors") in favour of the Company (the "Deed of Non-Competition), each of the Covenantors has confirmed to the Company of its/his/her compliance with the Deed of Non-Competition during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 35 to the consolidated financial statements, no contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company confirms that it complied with the minimum prescribed public float of 25% of the Company's total number of issued shares in that class under Rule 13.32B of the Listing Rules during the year ended 31 December 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For details of the Group's environmental policies and performance, please refer to the Environmental, Social and Governance Report set out on pages 52 to 109 of this annual report.

IMPORTANT EVENTS SINCE THE END OF THE REPORTING PERIOD

Saved from the issuance of convertible bonds as disclosed in an announcement of the Company dated 26 February 2026, the Board is not aware any significant event affecting the Company or any of its subsidiaries after 31 December 2025 and up to the date of this annual report requiring disclosure.

AUDITOR

There was no change of auditor of the Company in the last year.

The financial statements of the Group for the year ended 31 December 2025 were audited by BDO Limited who shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

ON BEHALF OF THE BOARD
Chan Yu Ling, Abraham
Chairman

Hong Kong, 25 March 2026

Independent Auditor's Report

PuraPharm Corporation Limited
– 2025 Annual Report


PuraPharm
農本方
NONG'S
夏枯草
清熱・降火
無添加・天然純萃飲
Self-heal Plant Instant Herbal Drink
6 sachets x 4g, net weight 24g・每盒6包 x 每包4克・淨重24克
NONG'S
農本方
夏枯草
Self-heal Plant Instant Herbal Drink
NONG'S
農本方
無添加
夏枯草
Self-heal Plant Instant Herbal Drink

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香港干諾道中111號
永安中心25樓

To the shareholders of PuraPharm Corporation Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of PuraPharm Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 173 to 276, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$35.2 million for the year ended 31 December 2025, and as of that date, the Group recorded net current liabilities of HK$252.3 million. As at 31 December 2025, the Group's current portion of interest-bearing bank and other borrowings was HK$268.3 million, while its cash and equivalents amounted to only HK$16.2 million. As stated in note 2.1, these conditions, along with the other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (continued)

Provision for impairment of trade and bills receivables

Key Audit Matter

Refer to note 21 to the consolidated financial statements.

As at 31 December 2025, the gross carrying amount of trade and bills receivables amounted to HK$94,658,000, with loss allowance amounting to HK$38,253,000.

The Group assesses expected credit loss allowances ("ECL") of trade and bills receivables using credit risk exposure and expected credit loss rates. The Group assesses the expected credit losses on a forward looking basis. When measuring expected credit losses, the Group considers historical loss rates, current market conditions and available reasonable and supportive forwarding-looking information, including economic policies, macroeconomic indicators, industry risks and changes in debtors' conditions.

Assessment on the recoverability of trade receivables and the sufficiency of the related loss allowances for ECL are performed by the management.

In carrying out impairment assessment of trade receivables under the ECL model, significant management judgement was used to determine the underlying estimations.

Our response

Our audit procedures included:

- Ascertaining our understanding on the policy and operating effectiveness on internal controls which oversee credit control, debt collection and estimate of expected credit loss;
- Assessing on a sample basis, whether items in the trade receivables aging report were classified within the appropriate aging bracket by comparing individual items in the report with relevant sales invoices;
- Assessing the appropriateness of the key input data, on a sample basis, used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data;
- Involving an auditor's expert to assist us in evaluating and assessing the appropriateness of the assessment methodologies and the reasonableness of the key assumptions and estimations used in the assessment; and
- Discussing with management about the recoverability status of material overdue balances and assess whether provision is required.

KEY AUDIT MATTERS (continued)

Impairment assessment of non-current assets

Key Audit Matter

Refer to notes 13, 15 and 17 to the consolidated financial statements. The Group has net carrying amount of property plant and equipment of HK$265,492,000, right-of-use assets of HK$87,229,000, and other intangible assets of HK$67,000,000 (the "Non-current Assets"). The Group incurred losses for the year ended 31 December 2025. This has increased the risk that the carrying values of Non-current Assets may be impaired. In the annual impairment review, management has concluded that part of the right-of-use assets are required to be impaired in respect of certain clinics operated by the Group. This conclusion was based on value in use and fair value less costs of disposal models that required significant management judgment.

Our response:

Our audit procedures included:

- Assessing the valuation methodology;
- Evaluating the reasonableness of key assumptions adopted in the valuation, such as the useful lives, based on our knowledge of the business and industry and available market data;
- Assessing the appropriateness of the key input data, on a sample basis, used by management to develop the recoverable amount and assessing the sufficiency, reliability and relevance of that data; and
- Involving an auditor's expert to assist us in evaluating and assessing the appropriateness of the assessment methodologies and the reasonableness of the key assumptions and estimations used in the assessment.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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 group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Lau Kin Tat, Terry
Practising Certificate no. P07676

Hong Kong, 25 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	336,113	382,090
Cost of sales		(155,957)	(176,948)
Gross profit		180,156	205,142
Other income and gains	5	5,465	17,391
Selling and distribution expenses		(52,484)	(64,912)
Administrative expenses		(152,051)	(159,474)
Share of loss of a joint venture		(88)	(312)
Impairment loss on property, plant and equipment		–	(1,726)
Impairment loss on right-of-use assets	6	(1,291)	(697)
Reversal of impairment loss on financial assets, net	6	8,157	997
Other expenses		(1,552)	(1,839)
Finance costs	7	(20,722)	(23,714)
LOSS BEFORE TAX	6	(34,410)	(29,144)
Income tax expense	10	(813)	(6,295)
LOSS FOR THE YEAR		(35,223)	(35,439)
Attributable to:			
Owners of the parent		(35,223)	(35,439)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For loss for the year (expressed in HK cents per share)		(8.41)	(8.97)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 HK$'000	2024 HK$'000
LOSS FOR THE YEAR	(35,223)	(35,439)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(5,692)	(8,049)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(5,692)	(8,049)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(40,915)	(43,488)
Attributable to:		
Owners of the parent	(40,915)	(43,488)

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	265,492	267,605
Investment properties	14	3,969	3,871
Right-of-use assets	15(a)	87,229	87,781
Goodwill	16	17,944	17,944
Other intangible assets	17	67,000	31,560
Investments in a joint venture	18	865	953
Financial assets at fair value through profit or loss	19	12,283	19,119
Financial assets at fair value through other comprehensive income		2,746	2,747
Prepayments for non-current assets	22	2,276	8,003
Deferred tax assets	28	6,868	7,701
Total non-current assets		466,672	447,284
CURRENT ASSETS			
Inventories	20	99,188	123,557
Trade and bills receivables	21	56,405	57,497
Prepayments, other receivables and other assets	22	50,318	49,113
Restricted cash and pledged deposits	23	5,005	25,480
Cash and cash equivalents	23	16,170	12,794
Total current assets		227,086	268,441
CURRENT LIABILITIES			
Trade and bills payables	24	85,231	132,214
Other payables and accruals	25	106,377	86,797
Interest-bearing bank and other borrowings	26	268,311	250,548
Lease liabilities	15(b)	15,811	13,633
Tax payable		3,515	7,710
Government grants	27	170	165
Total current liabilities		479,415	491,067
NET CURRENT LIABILITIES		(252,329)	(222,626)
TOTAL ASSETS LESS CURRENT LIABILITIES		214,343	224,658

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Other payables and accruals	25	11,957	11,015
Interest-bearing bank and other borrowings	26	55,505	89,162
Lease liabilities	15(b)	11,515	10,416
Government grants	27	2,687	1,897
Deferred tax liabilities	28	2,195	970
Total non-current liabilities		83,859	113,460
Net assets		130,484	111,198
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	4,153	306,820
Shares held for share award scheme	30(b)	(2,859)	(2,859)
Reserves	31	129,190	(192,763)
Total equity		130,484	111,198

Mr. Chan Yu Ling, Abraham
Director

Ms. Man Yee Wai, Viola
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Note	Issued capital HK$'000 (Note 29)	Share premium HK$'000 (Note 29)	Shares held for share award scheme HK$'000 (Note 30)	Reserve for share award and share option HK$'000 (Note 30)	Merger reserve HK$'000 (Note 31)	Surplus reserves HK$'000 (Note 31)	Capital reserves HK$'000 (Note 31)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2025		306,820	221,571	(2,859)	14,672	1,814	29,635	(7,505)	(29,186)	(423,764)	111,198
Loss for the year		–	–	–	–	–	–	–	–	(35,223)	(35,223)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(5,692)	–	(5,692)
Total comprehensive expenses for the year		–	–	–	–	–	–	–	(5,692)	(35,223)	(40,915)
Share capital reduction	29	(303,752)	–	–	–	–	–	–	–	303,752	–
Issue of new shares	29	1,085	59,116	–	–	–	–	–	–	–	60,201
At 31 December 2025		4,153	280,687*	(2,859)	14,672*	1,814*	29,635*	(7,505)*	(34,878)*	(155,235)*	130,484

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Note	Issued capital HK$'000 (Note 29)	Share premium HK$'000 (Note 29)	Shares held for share award scheme HK$'000 (Note 30)	Reserve for share award and share option HK$'000 (Note 30)	Merger reserve HK$'000 (Note 31)	Surplus reserves HK$'000 (Note 31)	Capital reserves HK$'000 (Note 31)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024		306,820	221,571	(2,859)	13,222	1,814	29,635	(7,505)	(21,137)	(388,325)	153,236
Loss for the year		–	–	–	–	–	–	–	–	(35,439)	(35,439)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(8,049)	–	(8,049)
Total comprehensive expenses for the year		–	–	–	–	–	–	–	(8,049)	(35,439)	(43,488)
Recognition of equity settled share option expenses	30(a)	–	–	–	1,450	–	–	–	–	–	1,450
At 31 December 2024		306,820	221,571*	(2,859)	14,672*	1,814*	29,635*	(7,505)*	(29,186)*	(423,764)*	111,198

* These reserve accounts comprise the consolidated reserves of HK$129,190,000 (2024: negative consolidated reserves of HK$192,763,000) in the consolidated statement of financial position as at 31 December 2025.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(34,410)	(29,144)
Adjustments for:			
Finance costs	7	20,722	23,714
Bank interest income	5	(39)	(349)
Foreign exchange difference, net	6	558	872
(Gain)/loss on disposal of property, plant and equipment	6	327	(513)
Equity-settled share award and share option expenses	30	–	1,450
Depreciation of property, plant and equipment	6	19,217	31,078
Depreciation of right-of-use assets	6	18,800	18,993
Amortisation of intangible assets	6	6,509	4,515
Fair value loss on investment properties	6	–	351
Fair value (gain)/loss on financial assets at fair value through profit or loss	6	572	(1,440)
(Gain)/loss on disposal of right-of-use assets	6	3,850	(485)
(Reversal of)/write-down of inventories to net realisable value	6	1,197	(618)
Impairment loss on property, plant and equipment	13	–	1,727
Impairment loss on right-of-use assets	15	1,291	696
Reversal of impairment loss on trade and bills receivables	6	(8,157)	(997)
Share of loss of a joint venture	18	88	312
		30,525	50,162
Decrease in inventories		24,976	50,365
Decrease in trade and bills receivables		9,897	23,608
Increase in prepayments, deposits and other receivables		(2,010)	(2,547)
Decrease in trade and bills payables		(50,274)	(10,814)
Increase in government grants		861	856
(Decrease)/increase in other payables and accruals		18,011	(8,142)
Cash generated from operations		31,986	103,488
Interest received		39	349
Income tax (paid)/refunded		(3,500)	148
Net cash flows from operating activities		28,525	103,985

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(284)	(14,808)
Proceeds from disposal of property, plant and equipment		–	3,480
Additions to intangible assets		(2,552)	(1,577)
Withdrawal of restricted cash and pledged deposits		20,696	1,194
Redemption a director's life insurance		6,264	–
Net cash flows from/(used in) investing activities		24,124	(11,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in amount with a director		1,971	(9,437)
New bank loans and other borrowings	32(b)	152,727	200,194
Repayment of bank loans borrowings	32(b)	(182,179)	(238,190)
Increase in overdrafts		–	3,000
Share subscription	29	20,000	–
Principal portion of lease payments	32(b)	(18,424)	(18,751)
Interest paid for lease liabilities	32(b)	(1,010)	(1,213)
Interest paid for bank borrowings	32(b)	(19,420)	(22,032)
Net cash flows used in financing activities		(46,335)	(86,429)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,314	5,845
Cash and cash equivalents at beginning of year		12,794	20,126
Effect of foreign exchange rate changes, net		(2,938)	(13,177)
CASH AND CASH EQUIVALENTS AT END OF YEAR		16,170	12,794
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	16,170	12,794
Cash and cash equivalents as stated in the consolidated statement of cash flows		16,170	12,794

Notes to Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Law, Cap, 22 of the Cayman Islands on 2 December 2011. The registered office address is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2025, the Company and its subsidiaries (the "Group") have been principally engaged in the research and development, production and sale of concentrated Chinese medicine granule ("CCMG") products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and manufacture and sale of Traditional Chinese Medicine ("TCM") decoction pieces ("中藥飲片"), as well as rendering of Chinese medical diagnostic services.

In the opinion of the board (the "Board") of Directors (the "Directors"), the ultimate holding company of the Company is Fullgold Development Limited, which was incorporated in the British Virgin Islands (the "BVI") and is wholly owned by Mr. Chan Yu Ling, Abraham ("Mr. Abraham Chan"), the founder of the Group.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2015 (the "Listing").

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/paid-up/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PuraPharm Holdings Limited	BVI[a]	United States dollar ("US$") 1	100%	–	Investment holding
Nong's Corporation Limited	BVI[a]	US$25,019	–	100%	Investment holding
PuraPharm Health Limited	BVI[a]	US$1	–	100%	Investment holding
Nong's Company Limited	Hong Kong	HK$2	–	100%	Trading of modernized Chinese medicines
Natural Corporation Limited	Hong Kong	HK$100	–	100%	Trading of Chinese healthcare products
PuraPharm International (H.K.) Limited	Hong Kong	HK$2,000,000	–	100%	Manufacture and trading of Chinese healthcare products
PuraPharm International Limited	Hong Kong	HK$2	–	100%	Trading of Chinese healthcare products
Poly Modern TCM Research Institute Limited	Hong Kong	HK$48,160,000	–	100%	Trading of Chinese healthcare products
PuraPharm Health International Limited	Hong Kong	HK$1	–	100%	Trading of Chinese healthcare products
PuraPharm Research Corporation Limited	Hong Kong	HK$10,000	–	100%	Research and development of modernised Chinese medicines

1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/paid-up/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
PuraPharm Investment Limited	Hong Kong	HK$1	–	100%	Trading of Chinese medicines
Nong's International Limited	BVI[(a)]	US$1	–	100%	Investment holding and trading of Chinese healthcare products and modernised Chinese medicines
Nong's Clinic Holdings Limited	BVI[(a)]	US$1,283	–	100%	Investment holding
Nong's Chinese Medicine Clinic Centre Limited	Hong Kong	HK$2	–	100%	Provision of Chinese medical diagnostic services
Nong's Chinese Medicine Health Care Centre Limited	Hong Kong	HK$10,000	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare Solution Limited	Hong Kong	HK$1	–	100%	Investment holding
Nong's Healthcare 1 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 2 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 3 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 4 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 5 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 6 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 7 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 8 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 9 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services

Notes to Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/paid-up/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Nong's Healthcare 10 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 11 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 12 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 13 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 14 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 16 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 19 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Mega.N Corporation Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 21 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 22 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 25 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 29 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
Nong's Healthcare 30 Limited	Hong Kong	HK$1	–	100%	Provision of Chinese medical diagnostic services
PuraPharm GBA Clinic Holdings Limited	BVI[(a)]	US$100	–	100%	Investment holding
PuraPharm GBA Clinic Holdings Company Limited	Hong Kong	HK$100	–	100%	Provision of Chinese medical diagnostic services

Notes to Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/paid-up/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Nong's (Guangxi) Company Limited	Hong Kong	HK$10,000	–	100%	Investment holding
PuraPharm (Nanning) Pharmaceuticals Co. Limited[b]	PRC/Chinese Mainland	Chinese yuan ("RMB") 202,000,000	–	100%	Manufacture and trading of Chinese healthcare products and modernised Chinese medicines
南寧農本方醫療諮詢有限公司[b]	PRC/Chinese Mainland	RMB7,000,000	–	100%	Provision of Chinese medical diagnostic services
南寧農本方中醫門診部有限公司[b]	PRC/Chinese Mainland	RMB2,000,000	–	100%	Provision of Chinese medical diagnostic services
深圳前海培力生物科技有限公司[b]	PRC/Chinese Mainland	RMB5,000,000	–	100%	Research and development of bio-based polymeric materials
PuraPharm (Guizhou) Chinese Medicine Co. Limited[b]	PRC/Chinese Mainland	RMB100,000,000	–	100%	Plantation and trading of raw Chinese herbs
Gold Sparkle (Guizhou) HZ Plantation Co., Ltd.[b]	PRC/Chinese Mainland	RMB30,000,000	–	100%	Plantation and trading of raw Chinese herbs
南寧培力醫藥技術有限公司[b]	PRC/Chinese Mainland	RMB3,470,000	–	100%	Research and development of Chinese healthcare products and modernised Chinese medicines
深圳培力農本方科技有限公司[b]	PRC/Chinese Mainland	RMB500,000	–	100%	Provision of Chinese medical diagnostic services
PuraPharm Clinic Holdings Limited	BVI[a]	US$100	–	100%	Investment holding
PuraPharm Clinic Holdings Company Limited	Hong Kong	HK$100	–	100%	Provision of Chinese medical diagnostic services
深圳農本方醫藥科技有限公司[b]	PRC/Chinese Mainland	RMB500,000	–	100%	Provision of Chinese medical diagnostic services
深圳農本方健康管理有限公司[b]	PRC/Chinese Mainland	RMB1,000,000	–	100%	Provision of Chinese medical diagnostic services
深圳農本方領展中醫診所[c]	PRC/Chinese Mainland	RMB300,000	–	100%	Provision of Chinese medical diagnostic services
深圳農本方科興中醫診所[c]	PRC/Chinese Mainland	RMB300,000	–	100%	Provision of Chinese medical diagnostic services

Notes to Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/paid-up/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
深圳前海農本方中醫診所[c]	PRC/Chinese Mainland	RMB300,000	–	100%	Provision of Chinese medical diagnostic services
深圳培力農本坊中醫診所[c]	PRC/Chinese Mainland	RMB300,000	–	100%	Provision of Chinese medical diagnostic services
PuraPharm Anhui Company Limited	Hong Kong	HK$1	–	100%	Investment holding
培力農本方 (黃山) 葯業有限公司[b]	PRC/Chinese Mainland	RMB10,000,000	–	100%	Provision of Chinese medical diagnostic services
PuraPharm Xin An Pharmaceutical Company Limited	Hong Kong	HK$1	–	100%	Investment holding
PuraPharm San Ming Pharmaceutical Company Limited	Hong Kong	HK$1	–	100%	Investment holding
PuraPharm Japan Corporation	Japan	Japanese yen ("JPY") 180,010,000	–	100%	Research and development of new products
SODX Co., Ltd.	Japan	JPY90,000,000	–	100%	Manufacture and sale of health food
K'an Herb Company	USA	US$233,848	–	100%	Manufacture and sale of Chinese herbal products
PuraPharm Corporation	USA	US$1,000	–	100%	Trading of Chinese healthcare products
PuraPharm Australia Pty Ltd	Australia	Australian dollar ("AUD") 1	–	100%	Trading of Chinese healthcare products
PuraPharm Canada Corporation	Canada	HK$100	–	100%	Trading of Chinese healthcare products
PuraPharm International (Singapore) Pte Limited	Singapore	Singapore dollar ("SGD") 2	–	100%	Trading of Chinese healthcare products
PuraPharm (Macao) Limited	Macau	Macau pataca ("MOP") 25,000	–	100%	Trading of Chinese healthcare products and modernised Chinese medicines

(a) Apart from those companies incorporated in BVI are operating in Hong Kong, the remaining companies' places of incorporation/establishment are the same as their places of incorporation.

(b) Registered as wholly-foreign owned enterprise under the PRC law.

(c) The Group controls these entities through sale-holding entrustment agreements.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations collectively "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements under the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the year ended 31 December 2025, the Group recorded a loss attributable to the owners of the Company of HK$35.2 million, and had net current liabilities of HK$252.3 million as at that date.

As at 31 December 2025, the Group's current portion of interest-bearing bank and other borrowings was HK$268.3 million, while its cash and cash equivalent amounted to only HK$16.2 million. In addition, the Group has breached certain covenants of bank loans of HK$24.4 million and defaulted in repayment of certain bank and other borrowings of HK$25.2 million, respectively as at 31 December 2025. Consequently, borrowings with principal amount of HK$49.6 million, may be subject to immediate repayment at the discretion of lenders.

These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the directors of the Company implemented or is in the process of implementing the following measures:

(a) The Group strives to drive revenue growth and continues to implement cost control measures so as to achieve profitability and maintain positive operating cash flows;

(b) As at 31 December 2025, default in repayment was noted for the Group's term loan of HK$25.2 million. During the year ended 31 December 2025, the Group successfully deferred the repayment schedule of certain term loans of HK$25.9 million with a bank. The directors are actively negotiating with remaining bank and lenders to defer the repayment terms;

(c) As at 31 December 2025, breach of covenants were noted for some of the revolving loan, invoice financing loan and overdraft facilities of HK$9.0 million, HK$12.4 million and HK$3.0 million respectively, based on historical experiences, the respective banks continue to allow the Group to utilise their facilities while the Group has drawn loans of HK$15.2 million under these facilities subsequent to the end of the reporting period. The directors are also actively negotiating with the banks to revise the facility covenants and reasonably expect to continue drawing down the unutilised bank facilities of HK$20.0 million as at 31 December 2025 to rollover the Group's revolving loans, invoice financing loan and overdraft facilities for another year;

(d) The Group had non-pledged long-term assets of HK$153.2 million in the PRC as at 31 December 2025 which are available for the Group to obtain new borrowings;

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(e) The Group will consider disposing of certain properties to strengthen its liquidity position, if necessary; and

(f) The Group will pursue opportunities to develop its business with potential investors.

The Directors of the Company have prepared a cash flow forecast for the Group covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the abovementioned plans and measures, coupled with the Group's internally generated funds and unutilised bank facilities, the Group will have sufficient working capital to finance its operations and meet its 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.

Notwithstanding the above, inherent uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) the successful renewal of the existing bank and other borrowings and continue to utilise their bank facilities to draw down new loans for repaying the respective due loans, or successful negotiation with the lenders for the extension for repayment terms of the Group's bank and other borrowings, or successful obtaining of additional new sources of financing in the foreseeable future as and when needed;

(b) the successful increase of the revenue and timely implementation of cost control measures so as to achieve profitability and maintain positive operating cash flows;

(c) the disposal of the Group's assets to raise fund when necessary; and

(d) the successful negotiation with potential investors to develop its business.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to achieve the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKAS 21 *The effects of changes in foreign exchange rates "Lack of exchangeability"* effective for the financial year ended 31 December 2025 do not have any impact to the Group.

2.3 New/amended HKFRS Accounting Standards issued but not yet effective and not early adopted

The Group has not applied the following new/amended HKFRS Accounting Standards which were issued but not yet effective and not early adopted:

Amendments to HKFRS 7 and HKFRS 9	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS7*[1]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]

1 Effective for accounting periods beginning on or after 1 January 2026

2 Effective for accounting periods beginning on or after 1 January 2027

Except for the impact of HKFRS 18 further elaborated below, the adoption of the remaining new/amended HKFRS Accounting Standards would not have any material impact on the Group. HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of financial performance of similar entities and provide more relevant information and transparency to users. These include:

(i) all income and expenses in the consolidated income statement are required to be classified into one of the five categories, namely operating, investing, financing, income taxes, and discontinued operations;

(ii) two newly-defined subtotals "operating profit" and "profit before financing and income taxes" are required to be presented in the consolidated income statement to increase comparability; management-defined performance measures (MPMs), which are often non-HKFRS measures (e.g., EBITDA), are required to be disclosed in a single note in the consolidated financial statements;

(iii) enhanced guidance on the principles of aggregation and disaggregation of information is provided; and

(iv) operating profit subtotal is required to be used as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method, and each of interest income, interest expense and dividend income should be classified under a single category.

2. ACCOUNTING POLICIES (continued)

2.3 New/revised HKFRS Accounting Standards issued but not yet effective and not early adopted (continued)

The adoption of HKFRS 18 would not have any impact on the Group's profit attributable to shareholders, but is expected to trigger certain changes in the presentation of consolidated income statement. The Group is still in the process of assessing the impact of HKFRS 18 on the Group's consolidated financial statements, particularly with respect to the categorisation of income and expenses in the Group's consolidated income statement, the structure of the Group's consolidated income statement and consolidated statement of cash flows, and the additional disclosure required for MPMs.

2.4 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, biological assets and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions apply:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.5% to 10%
Leasehold improvements	Over the shorter of the lease terms and 20%
Machinery and equipment	4.5% to 30%
Office equipment and furniture	9% to 50%
Motor vehicles	9% to 20%
Freehold land	Not depreciated

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks, patents, licenses and software

Purchased trademarks, patents, licences and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 15 years.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land and buildings	2 to 50 years
Machinery and equipment	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessor (continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes life insurance policies which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Agricultural produce harvested from the Group's biological assets are raw Chines herbs. Agricultural produce is initially recognised as inventories at their fair values less costs to sell at the point of harvest, which are determined based on their market prices quoted in the local area. Any resultant gain or loss arising on initial recognition of such fair values is recognised in profit or loss in the period of harvest. Upon subsequent sales, such amount of the inventories initially recognised is charged to the cost of sales in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

Revenue from the sale of goods include the sale of CCMG products, Chinese healthcare products, and raw Chinese herbs. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of goods (continued)

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Rendering of services

Revenue from the rendering of services includes the rendering of Chinese medical diagnostic services (the "Diagnostic Services"). Revenue from the rendering of services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

As stipulated by the rules and regulations of the PRC, the Company's subsidiary which operates in Chinese Mainland is required to contribute to a state-sponsored retirement plan for all its Chinese Mainland employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

Under the Mandatory Provident Fund Schemes Ordinance in Hong Kong, the Company's subsidiaries registered in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The costs of employee retirement benefits are recognised as expenses in the statement of profit or loss in the period in which they are incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

Notes to Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Withholding taxes arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends from a subsidiary according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether the subsidiary of the Group is determined to be Chinese resident enterprise by the PRC governing tax authorities in the future. Management considered that it is not probable that the Group's subsidiary in Chinese Mainland will distribute retained profits as at the end of each of the reporting periods in the foreseeable future, and accordingly no provision for withholding tax was made. Where the final outcome of these matters is different from the amounts originally rewarded, the difference will impact the deferred tax provision in the period in which the difference arises.

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 described below.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return and volume rebates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Variable consideration for returns and volume rebates (continued)

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. Further details are given in notes 22 and 25.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was HK$17,944,000 (31 December 2024: HK$17,944,000). Further details are given in note 16.

Going concern assumption

Directors of the Company prepared a cashflow forecast for the Group which covers a period over 12 months from the end of the reporting period to support the going concern basis detailed in note 2.1. Key assumptions in the forecast, including but not limited to revenue growth rate, gross profit ratio, effectiveness of cost control measures, probability of obtaining financial support from banks and investors, bank loan interest rates, etc., are adopted by the directors to the best of their estimates and understandings of the Group.

Notes to Consolidated Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 21.

Deferred tax assets

Deferred tax assets are recognised for certain deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Reversal of/write-down of inventories to net realisable value

Reversal of/write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the provision required involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which such estimate has been changed. Further details are given in note 20.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). Further details are given in note 15.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the China CCMG segment mainly engages in the production and sale of CCMG products in Chinese Mainland;

(b) the Hong Kong CCMG segment mainly engages in the sale of CCMG products excluding the sales through self-operated clinics in Hong Kong;

(c) the Chinese healthcare products segment mainly engages in the production and sale of healthcare products in Hong Kong, the USA and Japan;

(d) the clinics segment mainly engages in the provision of Chinese medical diagnostic services and sale of CCMG products through self-operated clinics; and

(e) the plantation segment mainly engages in the plantation and trading of raw Chinese herbs, and the manufacture and sale of TCM decoction pieces.

Management monitors the results of the Group's operating segments respectively for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except interest income, net foreign exchange difference, equity-settled share award and share option expenses, non-lease-related finance costs, corporate and other unallocated expenses and income tax expense.

Intersegment sales are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Notes to Consolidated Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue, profit and other segment information for the Group's five operating segments for the years ended 31 December 2025 and 2024.

31 December 2025

	Hong Kong CCMG HK$'000	Chinese healthcare products HK$'000	Clinics HK$'000	China CCMG, and plantation HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue (note 5):						
Sales to external customers	192,317	92,557	51,238	1	–	336,113
Intersegment sales	12,636	4,411	–	175,964	(193,011)	–
Total segment revenue	204,953	96,968	51,238	175,965	(193,011)	336,113
Segment results	47,181	1,660	(9,627)	20,240	–	59,454
Reconciliations:						
Interest income						39
Foreign exchange difference, net						(465)
Finance costs (other than interest on lease liabilities)						(19,711)
Corporate and other unallocated expenses						(73,727)
Loss before tax						(34,410)
Income tax expense						(813)
Net loss						(35,223)
Other segment information:						
Depreciation and amortisation of property, plant and equipment and other intangible assets	4,521	4,218	1,156	15,831	–	25,726
Depreciation of right-of-use assets	851	5,812	9,994	2,145	–	18,800
Write-down of inventories to net realisable value	561	636	–	–	–	1,197
(Reversal of)/provision of impairment loss on trade and bills receivables, net	5	370	–	(8,532)	–	(8,157)
Loss on disposal of property, plant and equipment	–	–	–	327	–	327
Share of loss of a joint venture	–	88	–	–	–	88
Impairment loss on right-of-use assets	–	–	1,291	–	–	1,291
Loss on disposal of right-of-use assets	–	–	490	3,360	–	3,850
Government grants	–	–	–	1,988	–	1,988
Capital expenditure*	5,854	9,380	15,878	1,138	–	32,250

4. OPERATING SEGMENT INFORMATION (continued)

31 December 2024

	Hong Kong CCMG HK$'000	Chinese healthcare products HK$'000	Clinics HK$'000	China CCMG, and plantation HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue (note 5):						
Sales to external customers	207,590	84,302	56,313	33,884	–	382,090
Intersegment sales	4,897	1,604	–	150,091	(156,592)	–
Total segment revenue	212,488	85,906	56,313	183,975	(156,592)	382,090
Segment results	68,690	9,596	114	(8,363)	–	70,037
Reconciliations:						
Interest income						349
Foreign exchange difference, net						(872)
Equity-settled share option expenses						(1,450)
Finance costs (other than interest on lease liabilities)						(22,501)
Corporate and other unallocated expenses						(74,707)
Loss before tax						(29,144)
Income tax expense						(6,295)
Net loss						(35,439)
Other segment information:						
Depreciation and amortisation of property, plant and equipment and other intangible asset	2,288	3,613	15,331	14,361	–	35,593
Depreciation of right-of-use asset	845	6,511	8,818	2,819	–	18,993
(Reversal of)/write-down of inventories to net realisable value	(218)	181	–	(581)	–	(618)
(Reversal of)/provision of impairment loss on trade and bills receivables, net	18	633	(54)	(1,594)	–	(997)
Loss/(gain) on disposal of property, plant and equipment	(338)	–	(284)	109	–	(513)
Share of loss of a joint venture	–	312	–	–	–	312
Impairment loss on property, plant and equipment and right-of-use assets	–	–	–	2,423	–	2,423
Gain on disposal of right-of-use assets	–	–	–	(485)	–	(485)
Government grants	–	–	–	2,406	–	2,406
Capital expenditure*	–	3,219	20,007	2,375	–	25,601

* Capital expenditure consists of additions of right-of-use assets amounted to HK$23,684,000 (2024: HK$7,235,000) with certain patents with total fair value of HK$40,200,000 (2024: Nil) not included.

Notes to Consolidated Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 HK$'000	2024 HK$'000
Hong Kong (place of domicile)	291,816	305,524
Chinese Mainland	2,611	35,323
Other countries/regions	41,686	41,243
Total revenue	336,113	382,090

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 HK$'000	2024 HK$'000
Hong Kong	88,736	42,615
Chinese Mainland	323,641	337,273
Other countries/regions	32,397	37,829
Total non-current assets	444,774	417,717

The non-current asset information above is based on the locations of the assets and excludes financial assets at fair value through profit or loss and deferred tax assets.

Information about a major customer

For the years ended 31 December 2025 and 2024, there was no single customer from which more than 10% of the Group's total revenue was derived.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers		
Sale of CCMG products and raw Chinese herbs	230,673	284,706
Sale of Chinese healthcare products	92,557	82,017
Rendering of diagnostic services	12,883	15,367
Total revenue	336,113	382,090

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Sale of goods HK$'000	Diagnostic services HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	323,230	–	323,230
Rendering of services	–	12,883	12,883
Total revenue from contracts with customers	323,230	12,883	336,113
Geographical markets			
Hong Kong	279,937	11,878	291,815
Chinese Mainland	1,606	1,005	2,611
Other countries/regions	41,687	–	41,687
Total revenue from contracts with customers	323,230	12,883	336,113
Timing of revenue recognition			
Goods transferred at a point in time	323,230	–	323,230
Services transferred over time	–	12,883	12,883
Total revenue from contracts with customers	323,230	12,883	336,113

Notes to Consolidated Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Sale of goods HK$'000	Diagnostic services HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	366,723	–	366,723
Rendering of services	–	15,367	15,367
Total revenue from contracts with customers	366,723	15,367	382,090
Geographical markets			
Hong Kong	290,799	14,725	305,524
Chinese Mainland	34,681	642	35,323
Other countries/regions	41,243	–	41,243
Total revenue from contracts with customers	366,723	15,367	382,090
Timing of revenue recognition			
Goods transferred at a point in time	366,723	–	366,723
Services transferred over time	–	15,367	15,367
Total revenue from contracts with customers	366,723	15,367	382,090

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2025

Segments	Sale of goods HK$'000	Diagnostic services HK$'000	Total HK$'000
Revenue from contracts with customers			
External customers	323,230	12,883	336,113
Intersegment sales	(193,011)	–	(193,011)
Subtotal	130,219	12,883	143,102
Intersegment adjustments and eliminations	193,011	–	193,011
Total revenue from contracts with customers	323,230	12,883	336,113

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Sale of goods HK$'000	Diagnostic services HK$'000	Total HK$'000
Revenue from contracts with customers			
External customers	366,723	15,367	382,090
Intersegment sales	156,592	–	156,592
Subtotal	523,315	15,367	538,682
Intersegment adjustments and eliminations	(156,592)	–	(156,592)
Total revenue from contracts with customers	366,723	15,367	382,090

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	5,217	2,137
Rendering of services	946	347
Total	6,163	2,484

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon receipts of goods and payment generally due within 30 to 180 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Rendering of services

The performance obligation is satisfied over time as services are rendered.

Notes to Consolidated Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains

	Notes	2025 HK$'000	2024 HK$'000
Government grants*	27	1,988	2,406
Gain from the sale of equipment and accessories		1,762	10,632
Bank interest income		39	349
Gross rental income from investment property operating leases:			
Fixed lease payments	15	324	342
Others		1,352	3,662
Total		5,465	17,391

* The amount represented government grants from the relevant authorities in the PRC and Hong Kong government, which consisted primarily of the PRC subsidies and compensation for operation finance costs, research and development costs and grants for improvement of the Group's research facilities in relation to certain research and development projects.

There are no unfulfilled condition or contingencies relating to these grants.

6. LOSS BEFORE TAX

	Notes	2025 HK$'000	2024 HK$'000
Cost of inventories sold***		152,784	170,020
Cost of services provided		3,173	6,928
Depreciation of property, plant and equipment	13	19,217	31,078
Depreciation of right-of-use assets	15	18,800	18,993
Amortisation of intangible assets	17	6,509	4,515
Fair value loss on investment properties*	14	–	351
Fair value loss/(gain) on financial assets at fair value through profit or loss*		572	(1,440)
(Gain)/loss on disposal of right-of-use assets*	15(c)	3,850	(485)
(Reversal of)/write-down of inventories to net realisable value**	20	2,297	(618)
Reversal of impairment loss on trade and bills receivables	21	(8,157)	(997)
Reversal of impairment loss on other receivables and other assets	22	1,200	–
Impairment loss on property, plant and equipment	13	–	1,726
Impairment loss on and right-of-use assets	15	1,291	696
Lease payments not included in the measurement of lease liabilities	15(c)	4,458	6,423
Auditor's remuneration		2,000	2,000
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		86,148	88,153
Pension scheme contributions (defined contribution scheme)****		10,580	13,303
Total		96,728	104,456
Research and development costs***		13,763	11,168
Foreign exchange difference, net		558	872

* Fair value gain on financial assets at fair value through profit or loss, gain on disposal of right-of use assets and gain on disposal of property, plant and equipment were included in the "Others" of "Other income and gains" in the consolidated statement of profit or loss for the years ended 31 December 2025 and 2024. The fair value loss on investment properties, financial assets at fair value through profit or loss, loss on disposal of property, plant and equipment and right-of-use assets were included in "Other expenses" in the consolidated statement of profit or loss for the years ended 31 December 2025 and 2024.

** The (Reversal of)/write-down of inventories to net realisable value was included in the "Cost of sales" in the consolidated statement of profit or loss for the years ended 31 December 2025 and 2024.

*** Depreciation of HK$2,447,000 (2024: HK$3,634,000) and HK$1,094,000 (2024: HK$1,275,000) were included in "Cost of inventories sold" and "Research and development costs", respectively. Employee benefit expenses of HK$4,155,000 (2024: HK$6,199,000) was included in "Research and development costs".

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to Consolidated Financial Statements

31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2025 HK$'000	2024 HK$'000
Interests on bank and other borrowings		19,712	22,501
Interests on lease liabilities	15(c)	1,010	1,213
Total		20,722	23,714

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Note	2025 HK$'000	2024 HK$'000
Fees		805	600
Other emoluments:			
Salaries, allowances and benefits in kind		4,257	5,173
Performance-based bonus		1,440	–
Pension scheme contributions		33	36
Equity-settled share award and share option expenses	30	–	1,450
Subtotal		5,730	6,659
Total fees and other emoluments		6,535	7,259

(a) Independent non-executive directors

The fees and equity-settled share award expenses paid to independent non-executive directors during the year were as follows:

2025	Fees HK$'000	Total remuneration HK$'000
Dr. Leung Lim Kin, Simon	200	200
Prof. Tsui Lap Chee	200	200
Mr. Ho Kwok Wah, George (i)	102	102
Dr. Hung Ting On, John (ii)	68	68
Total	570	570

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors (continued)

2024	Fees HK$'000	Total remuneration HK$'000
Dr. Leung Lim Kin, Simon	200	200
Prof. Tsui Lap Chee	200	200
Mr. Ho Kwok Wah, George (i)	200	200
Total	600	600

(i) Mr. Ho Kwok Wah, George ceased to be an independent non-executive director on 4 July 2025.

(ii) Dr. Hung Ting On, John was appointed as an independent non-executive director on 29 August 2025.

There were no other emoluments payable to the independent non-executive directors during the years ended 31 December 2025 and 2024.

(b) Executive directors, non-executive directors and the chief executive

The fees and equity-settled share award and share option expenses paid to executive directors and non-executive directors during the year were as follows:

2025	Fees HK$'000	Equity-settled share award and share option expenses HK$'000	Salaries, compensation, allowances and benefits in kind HK$'000	Performance based bonus HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Chief executive and executive director						
Mr. Chan Yu Ling, Abraham	–	–	2,264	1,440	15	3,719
Executive directors						
Ms. Man Yee Wai, Viola	–	–	1,269	–	18	1,287
Dr. Tsoi Kam Biu, Alvin (i)	–	–	724	–	–	724
Non-executive directors						
Mr. Leung Stephen Kwok Keung	200	–	–	–	–	200
Mr. Dong Zimeng (ii)	35	–	–	–	–	35
Total	235	–	4,257	1,440	33	5,965

(i) Dr. Tsoi Kam Biu, Alvin was appointed as an executive director on 30 June 2025.

(ii) Mr. Dong Zimeng was appointed as a non-executive director on 30 October 2025.

Notes to Consolidated Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

2024	Fees HK$'000	Equity-settled share award and share option expenses HK$'000	Salaries, compensation, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Chief executive and executive director					
Mr. Chan Yu Ling, Abraham	–	725	3,704	18	4,447
Executive director					
Ms. Man Yee Wai, Viola	–	725	1,269	18	2,012
Non-executive director					
Mr. Leung Stephen Kwok Keung	200	–	–	–	200
Total	200	1,450	4,973	36	6,659

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances and benefits in kind	4,870	4,700
Pension scheme contributions	54	54
Total	4,924	4,754

Non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2025	2024
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	2	–
HK$2,000,001 to HK$2,500,000	–	1
Total	3	3

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the subsidiaries of the Group which are incorporated in the Cayman Islands and BVI are not subject to any income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2024: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

U.S. profits taxes have been provided at the federal rate of 21.0% and the state rate of 8.8% as well as Japan profits tax has been provided at the rate of 23.2% on the estimated assessable profits arising in the respective jurisdictions, during the years ended 31 December 2025 and 2024.

Notes to Consolidated Financial Statements

31 December 2025

10. INCOME TAX EXPENSE (continued)

The statutory tax rate of the Group in respect of its operation in Chinese Mainland is 25% (2024: 25%). The Group's PRC subsidiary, Purapharm (Nanning) Pharmaceuticals Co., Limited ("PuraPharm Nanning"), is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2024: 15%). According to prevailing PRC income tax law, the income obtained from activities in agricultural, forestry, animal husbandry and fishery projects shall be entitled to income tax reduction or exemption, among which, projects of cultivation of Chinese medicine herbs and service projects related to agriculture such as agri-product preliminary processing are exempted from income tax. PuraPharm (Guizhou) Chinese Medicine Co., Ltd. and Gold Sparkle (Guizhou) HZ Plantation Co., Ltd. have obtained the documentation acknowledged by the tax authority in charge for the corporate income tax exemption for years ended 31 December 2025 and 2024 and the preferential income tax rate was 0%.

	2025 HK$'000	2024 HK$'000
Current – Hong Kong		
(Credited)/charge for the year	(1,480)	5,387
Current – Elsewhere	287	204
Underprovision/(overprovision) in prior years	(66)	433
Deferred (note 28)	2,072	271
Total	813	6,295

A reconciliation of the tax expense applicable to loss before tax is as follows:

	2025 HK$'000	2024 HK$'000
Loss before tax	34,410	29,144
Tax at the statutory tax rates	(6,030)	(7,276)
Lower tax rate enacted by local authority	1,942	2,864
Tax waiver	–	(165)
Tax incentive on eligible expenses	(97)	(60)
Adjustments in respect of current tax of previous periods	(66)	433
Income not subject to tax	1,746	–
Expenses not deductible for tax	1,159	1,435
Tax losses utilised from previous years	(4,985)	(1,034)
Tax losses not recognised	7,144	10,196
Tax expense	813	6,295

11. DIVIDENDS

No dividends were proposed for the years ended 31 December 2025 and 2024.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

	2025	2024
Loss per share attributable to ordinary equity holders of the parent – Basic and diluted (HK cents)	(8.41)	(8.97)

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024 excluding ordinary shares purchased by the Group and held for the share award scheme (note 30(b)).

	2025	2024
Loss attributable to ordinary equity holders of the parent (HK$'000)	(35,222)	(35,439)
Weighted average number of ordinary shares in issue	418,768,851	395,052,941
Basic loss per share (expressed in HK cents per share)	(8.41)	(8.97)

The calculation of the weighted average number of ordinary shares amounting to 418,768,851 (2024: 395,052,941) in issue for the year ended 31 December 2025 is as follows:

	2025	2024
Number of issued shares on 1 January	395,897,275	395,897,275
Adjustment for issue of new shares	23,715,910	–
Adjustment for shares held for share award scheme	(844,334)	(844,334)
Weighted average number of ordinary shares	418,768,851	395,052,941

(b) Diluted

The Group had no potentially dilutive ordinary shares in issue for share options and share award scheme during the years ended 31 December 2025 and 2024 as they had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Consolidated Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Office equipment and furniture HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2025							
At 1 January 2025:							
Cost	218,084	29,756	153,115	40,502	3,890	68,992	514,339
Accumulated depreciation and impairment	(52,080)	(27,710)	(116,279)	(37,895)	(3,118)	(9,652)	(246,734)
Net carrying amount	166,004	2,046	36,836	2,607	772	59,340	267,605
At 1 January 2025, net of accumulated depreciation and impairment	166,004	2,046	36,836	2,607	772	59,340	267,605
Additions	36	1,193	487	3,518	777	–	6,011
Disposals	(150)	(2)	–	(149)	–	–	(301)
Depreciation provided during the year	(6,821)	(1,161)	(7,946)	(3,198)	(91)	–	(19,217)
Transfers	–	–	–	–	–	–	–
Impairment	–	–	–	–	–	–	–
Exchange realignment	4,784	–	4,875	49	92	1,594	11,394
At 31 December 2025	163,853	2,076	34,252	2,827	1,550	60,934	265,492
At 31 December 2025:							
Cost	222,904	27,857	158,477	43,920	4,759	70,586	528,503
Accumulated depreciation and impairment	(59,051)	(25,781)	(124,225)	(41,093)	(3,209)	(9,652)	(263,011)
Net carrying amount	163,853	2,076	34,252	2,827	1,550	60,934	265,492

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Office equipment and furniture HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2024							
At 1 January 2024:							
Cost	225,228	15,699	155,178	41,280	7,870	69,181	514,436
Accumulated depreciation and impairment	(46,636)	(11,956)	(110,920)	(37,536)	(6,921)	(8,915)	(222,884)
Net carrying amount	178,592	3,743	44,258	3,744	949	60,266	291,552
At 1 January 2024, net of accumulated depreciation and impairment	178,592	3,743	44,258	3,744	949	60,266	291,552
Additions	214	14,228	1,853	164	–	330	16,789
Disposals	(2,696)	(48)	(100)	(123)	–	–	(2,967)
Depreciation provided during the year	(5,976)	(15,877)	(7,935)	(1,131)	(159)	–	(31,078)
Transfers	318	–	–	–	–	(318)	–
Impairment	(819)	–	–	–	–	(907)	(1,726)
Exchange realignment	(3,629)	–	(1,240)	(47)	(18)	(31)	(4,965)
At 31 December 2024	166,004	2,046	36,836	2,607	772	59,340	267,605
At 31 December 2024:							
Cost	218,084	29,756	153,115	40,502	3,890	68,992	514,339
Accumulated depreciation and impairment	(52,080)	(27,710)	(116,279)	(37,895)	(3,118)	(9,652)	(246,734)
Net carrying amount	166,004	2,046	36,836	2,607	772	59,340	267,605

During the year ended 31 December 2024, based on an outlook of the financial performance of the Plantation CGU, management carried out an impairment test on the Group's property, plant and equipment, right-of-use assets and prepayment for property plant and equipment (the "Non-current Assets") in the Plantation CGU as at 31 December 2024, with carrying amount of HK$105,294,000, HK$44,164,000 and HK$1,076,000 respectively. The aggregate carrying amount approximates to HK$150,534,000.

Notes to Consolidated Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The recoverable amount of the Non-current Assets in the Plantation CGU has been determined based on a fair value less cost of disposal. The recoverable amount is categorised within level 3 of the fair value hierarchy. The calculation uses combination of market comparison method and depreciated replacement cost method. Market comparison method is used based on assuming sale of the land use rights in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, size and other relevant factors. Replacement cost method is used based on the key assumptions including the quoted price in the market, which reflects replacement cost of the property, plant and equipment and obsolescence rate which is adjusted for age, condition, economic or functional obsolescence and environmental factor existing at the end of the year, if any. Based on the valuation report prepared by management, the recoverable amount was estimated at HK$148,112,000.

As a result of the above assessment, impairment loss of HK$1,726,000 and HK$696,000 was allocated to property, plant and equipment and right-of-use assets respectively during the year ended 31 December 2024.

As at 31 December 2025, certain of the Group's buildings, machinery and equipment and office equipment and furniture with an aggregate net carrying amount of approximately HK$141,208,000 (2024: HK$152,285,000) were pledged to secure bank loans granted to the Group (note 26).

14. INVESTMENT PROPERTIES

	Note	2025 HK$'000	2024 HK$'000
Carrying amount at 1 January		3,871	4,309
Loss from a fair value adjustment	6	–	(351)
Exchange realignment		98	(87)
Carrying amount at 31 December		3,969	3,871

The Group's investment properties consist of two commercial properties in Chinese Mainland. The Directors of the Company have determined that the investment properties as commercial assets, based on the nature, characteristics and risks of each property.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15.

As at 31 December 2025, the Group's investment properties with a carrying amount of HK$3,969,000 (2024: HK$3,871,000) were pledged to secure general banking facilities granted to the Group.

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active market (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	3,969	–	3,969

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active market (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	3,871	–	3,871

The valuation technique used in the determination of fair values of the investment properties is income approach and the significant observable inputs using in this approach are market rents and vacant rate. The higher the market rents, the higher the fair value. The higher the vacant rate, the lower the fair value.

Notes to Consolidated Financial Statements

31 December 2025

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of machinery and equipment generally have lease terms between 3 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Note	Leasehold Land HK$'000	Building HK$'000	Machinery and equipment HK$'000	Total HK$'000
As at 1 January 2024		64,790	33,420	7,143	105,353
Additions		–	7,235	–	7,235
Depreciation charge	6	(1,493)	(16,520)	(980)	(18,993)
Disposal		–	(3,437)	–	(3,437)
Impairment	13	(696)	–	–	(696)
Exchange realignment		(1,353)	(197)	(131)	(1,681)
As at 31 December 2024 and 1 January 2025		61,248	20,501	6,032	87,781
Additions		–	23,687	–	23,687
Depreciation charge	6	(1,487)	(16,614)	(699)	(18,800)
Disposal		–	(1,222)	(5,020)	(6,242)
Impairment	6	–	(1,291)	–	(1,291)
Exchange realignment		1,844	177	73	2,094
As at 31 December 2025		61,605	25,238	386	87,229

As at 31 December 2025, certain of the Group's right-of-use assets with a carrying amount of approximately HK$35,179,000 (2024: HK$34,678,000) were pledged to secure bank loans granted to the Group (note 26).

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Note	2025 HK$'000	2024 HK$'000
Carrying amount at 1 January		24,049	39,654
New leases		23,687	7,235
Accretion of interest recognised during the year	7	1,010	1,213
Payments		(19,434)	(19,964)
Disposal		(2,394)	(3,922)
Exchange realignment		406	(167)
Carrying amount at 31 December		27,326	24,049
Analysed into:			
Current portion		15,811	13,633
Non-current portion		11,515	10,416

The maturity analysis of lease liabilities is disclosed in note 38.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2025 HK$'000	2024 HK$'000
Interest on lease liabilities	7	1,010	1,213
Depreciation charge of right-of-use assets	6	18,800	18,993
Low value and short-term lease not included in the measurement of lease liabilities		3,741	3,344
Variable lease payments not included in the measurement of lease liabilities		717	625
(Gain)/loss on disposal of right-of-use assets	6	3,850	(485)

(d) The Group has no lease contracts that have not yet commenced as at 31 December 2025 (2024: Nil).

Notes to Consolidated Financial Statements

31 December 2025

15. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of two commercial properties under operating lease arrangements. Rental income recognised by the Group during the year ended 31 December 2025 was HK$324,000 (2024: HK$342,000), details of which are included in note 5.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 HK$'000	2024 HK$'000
Within one year	306	305
After one year but within two years	101	285
After two years but within three years	–	93
Total	407	683

16. GOODWILL

	2025 HK$'000	2024 HK$'000
Goodwill	155,685	155,685
Impairment	(137,741)	(137,741)
Carrying amount at 31 December	17,944	17,944

The movements in the loss allowance for impairment of goodwill are as follows:

	2025 HK$'000	2024 HK$'000
At beginning and end of year	137,741	137,741

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units (the "CGUs") for impairment testing:

- Chinese herbal products CGU; and
- SODX Co., Ltd. CGU ("SODX CGU").

16. GOODWILL (continued)

Impairment testing of goodwill (continued)

The carrying amount of goodwill allocated to each of the CGU is as follows:

	2025 HK$'000	2024 HK$'000
Chinese herbal products CGU	10,656	10,656
SODX CGU	7,288	7,288
Total	17,944	17,944

The recoverable amount of each CGU has been determined based on a value in use (the "VIU") calculation using cash flow projections based on financial budgets or forecasts approved by management covering a period of 5 years (the "Budget Period"). The growth rates used to extrapolate the cash flows beyond the period are based on the estimated growth rate of each unit taking into account the industry growth rate, past experience and the medium- or long-term growth target of each CGU.

The key assumptions used for the VIU calculation of each CGU are set out as follows:

	31 December 2025	
	Chinese herbal products CGU	SODX CGU
Compound annual growth rate within the Budget Period	2.9%	3.4%
Growth rate to extrapolate cash flows beyond the Budget Period	2.0%	3.0%
Budget gross profit margins	37.0%	38.0%
Pre-tax discount rate	12.6%	13.19%

	31 December 2024	
	Chinese herbal products CGU	SODX CGU
Compound annual growth rate within the Budget Period	2.3%	4.2%
Growth rate to extrapolate cash flows beyond the Budget Period	2.0%	3.0%
Budget gross profit margins	43.8%	38.7%
Pre-tax discount rate	12.7%	12.30%

Notes to Consolidated Financial Statements

31 December 2025

16. GOODWILL (continued)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of each CGU as at 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill of each CGU:

Compound annual growth rate within the Budget Period — The compound annual growth rate within the Budget Period is estimated based on the historical sales data and market outlook perceived by management.

Growth rates to extrapolate cash flows beyond the Budget Period — The growth rates used to extrapolate the cash flows beyond the Budget Period are based on the estimated growth rate of each unit taking into account the industry growth rate, past experience and the medium or long term growth target of each CGU.

Budget gross profit margins — The bases used to determine the values assigned to the budgeted gross profit margins are the average gross profit margins achieved in the year immediately before the budget year, adjusted for expected efficiency gains and expected market development. Besides, budgeted raw materials purchase prices are considered, which are the bases used to determine the values assigned to budgeted raw materials purchase prices are the forecasted price indices during the budget year for those countries where raw materials are sourced.

Pre-tax discount rates — The discount rates reflect specific risks relating to the relevant CGUs.

The values assigned to above key assumptions are consistent with external information sources. In the opinion of the Directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of each CGU to exceed its recoverable amount.

Impairment of goodwill

At 31 December 2025, the growth rate to extrapolate cash flows beyond the Budget Period approximates the same and pre-tax discount rate in the preparation of the cash flow projections was maintained at similar level as compared with those adopted as at 31 December 2024.

There are no impairment recognised to goodwill during the years ended 31 December 2025 and 2024.

Notes to Consolidated Financial Statements

31 December 2025

17. OTHER INTANGIBLE ASSETS

	Note	Trademarks HK$'000	Patents HK$'000	Licenses HK$'000	Software HK$'000	Total HK$'000
31 December 2025						
At 1 January 2025:						
Cost		38,831	571	1,135	33,403	73,940
Accumulated amortisation		(21,476)	(543)	(1,135)	(19,226)	(42,380)
Net carrying amount		17,355	28	–	14,177	31,560
Cost at 1 January 2025, net of accumulated amortisation		17,355	28	–	14,177	31,560
Additions		1,697	40,255	791	9	42,752
Amortisation provided during the year	6	(2,429)	(23)	(781)	(3,276)	(6,509)
Exchange realignment		(108)	–	–	(695)	(803)
At 31 December 2025		16,515	40,260	10	10,215	67,000
At 31 December 2025:						
Cost		40,420	40,826	1,926	32,722	115,894
Accumulated amortisation		(23,905)	(566)	(1,916)	(22,507)	(48,894)
Net carrying amount		16,515	40,260	10	10,215	67,000

Notes to Consolidated Financial Statements

31 December 2025

17. OTHER INTANGIBLE ASSETS (continued)

	Note	Trademarks HK$'000	Patents HK$'000	Licenses HK$'000	Software HK$'000	Total HK$'000
31 December 2024						
At 1 January 2024:						
Cost		37,726	565	1,135	33,965	73,391
Accumulated amortisation		(19,075)	(528)	(1,135)	(17,908)	(38,646)
Net carrying amount		18,651	37	–	16,057	34,745
Cost at 1 January 2024, net of accumulated amortisation		18,651	37	–	16,057	34,745
Additions		1,105	6	–	466	1,577
Amortisation provided during the year	6	(2,401)	(15)	–	(2,099)	(4,515)
Exchange realignment		–	–	–	(247)	(247)
At 31 December 2024		17,355	28	–	14,177	31,560
At 31 December 2024:						
Cost		38,831	571	1,135	33,403	73,940
Accumulated amortisation		(21,476)	(543)	(1,135)	(19,226)	(42,380)
Net carrying amount		17,355	28	–	14,177	31,560

No impairment of intangible assets was recognised during the years ended 31 December 2025 and 2024.

18. INVESTMENT IN A JOINT VENTURE

	2025 HK$'000	2024 HK$'000
Share of net assets	865	953

Particulars of a joint venture is as follows:

			Percentage of			
Name	Registered capital	Place of incorporation/ registration and business	Ownership interest	Voting power	Profit sharing	Principal activity
PuraPharm Korea Company Limited	US$ 180,742	Korea	49.04%	49.04%	49.04%	Manufacture and sale of CCMG and other health products

The following table illustrates the information of the Group's investment in a joint venture:

	2025 HK$'000	2024 HK$'000
Share of a joint venture:		
Loss and other comprehensive income for the year	(88)	(312)
Carrying amount of the Group's investment in a joint venture	865	953

Notes to Consolidated Financial Statements

31 December 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Life insurance policies, at fair value	12,283	19,119

The Group's financial assets at fair value through profit or loss represented three (31 December 2024: three) life insurance policies to insure an executive director as at 31 December 2025. Under the policies, the Group is the beneficiary and the policy holder. The Group paid upfront premiums for the policy and may surrender the insurance policies any time by making a written request and receive cash based on the surrender value of the policies at the date of withdrawal, which is calculated by the insurer. In the opinion of the Directors, the surrender value of the policies provided by the insurance company is the best approximation of its fair value, which is categorised within Level 3 of the fair value hierarchy. The life insurance policies were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As at 31 December 2025 and 2024, the Group's life insurance policies were pledged as security for bank facilities granted to the Group as detailed in note 26.

In the opinion of the Directors, the Group's life insurance policies would not be surrendered within the next 12 months and were therefore classified as non-current assets.

20. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	20,309	31,867
Work in progress	22,969	12,011
Finished goods	62,366	85,018
	105,644	128,896
Less: Provision	(6,456)	(5,339)
Total	99,188	123,557

For the year ended 31 December 2025, reversal of write-down of inventories recognised at cost of sales amounted to HK$1,197,000 (2024: write-down of HK$618,000).

As at 31 December 2025, the Group's inventories with a carrying amount of HK$7,738,000 (2024: HK$10,558,000) were pledged as security for the loans granted to the Group (note 26).

21. TRADE AND BILLS RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	94,658	103,260
Bills receivable (Note)	–	4,535
	94,658	107,795
Less: Impairment of trade and bills receivables	(38,253)	(50,298)
Net carrying amount	56,405	57,497

Note: During the year ended 31 December 2024, the Group entered into a series of bills discounted arrangements (the "Arrangements") to transfer bills receivable (the "Discounted Bills") to PRC banks or third-party company with a carrying amount in aggregate of HK$1,296,000. Under the Arrangements, the Group may be required to reimburse the PRC banks or third-party company for loss of principal and interest if any trade debtors have default payment. In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and other borrowings as disclosed in note 26. Due to the cash flow of bills receivable are not SPPI, the total amount of bills receivables are accounted as financial assets at fair value through other comprehensive income as at 31 December 2025 and in the opinion of the Directors, the carrying amounts of the Discounted Bills are approximate their fair values.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payments in advance is normally required. The credit period is generally one to six months, extending up to longer periods for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at 31 December 2025 and 2024, based on the invoice date and net of loss allowance, is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 month	47,656	36,121
1 to 3 months	844	2,899
3 to 6 months	2,026	2,733
6 months to 1 year	3,194	9,730
Over 1 year	2,685	6,014
Total	56,405	57,497

Notes to Consolidated Financial Statements

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	Note	2025 HK$'000	2024 HK$'000
At beginning of year		50,298	52,396
Reversal of impairment losses	6	(8,157)	(997)
Exchange realignment		(3,888)	(1,101)
At end of year		38,253	50,298

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2025

Group A

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	7.23%	11.37%	40.72%	100.00%	60.98%
Gross carrying amount (HK$'000)	2,572	5,513	3,563	12,403	24,051
Expected credit losses (HK$'000)	186	627	1,451	12,403	14,667

Group B

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	28.13%	27.69%	37.80%	100.00%	95.76%
Gross carrying amount (HK$'000)	359	65	127	8,506	9,057
Expected credit losses (HK$'000)	101	18	48	8,506	8,673

Notes to Consolidated Financial Statements

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

As at 31 December 2025 (continued)

Group C

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.04%	22.38%	72.55%	100.00%	5.68%
Gross carrying amount (HK$'000)	25,189	2,815	714	500	29,218
Expected credit losses (HK$'000)	11	630	518	500	1,659

Group D

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	3.20%	0.00%	94.12%	100.00%	40.99%
Gross carrying amount (HK$'000)	19,696	–	221	12,415	32,332
Expected credit losses (HK$'000)	631	–	208	12,415	13,254

Total

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Gross carrying amount (HK$'000)	47,816	8,393	4,625	33,824	94,658
Expected credit losses (HK$'000)	929	1,275	2,225	33,824	38,253

Notes to Consolidated Financial Statements

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

As at 31 December 2024

Group A

	Current	Past due: Less than 1 year	Past due: 1 to 2 years	Past due: Over 2 years	Total
Expected credit loss rate	2.06%	9.86%	51.70%	100.00%	50.89%
Gross carrying amount (HK$'000)	5,378	12,694	7,947	15,818	41,837
Expected credit losses (HK$'000)	111	1,252	4,109	15,818	21,290

Group B

	Current	Past due: Less than 1 year	Past due: 1 to 2 years	Past due: Over 2 years	Total
Expected credit loss rate	0.03%	25.64%	50.86%	100.00%	53.84%
Gross carrying amount (HK$'000)	7,723	117	4,534	9,369	21,743
Expected credit losses (HK$'000)	2	30	2,306	9,369	11,707

Group C

	Current	Past due: Less than 1 year	Past due: 1 to 2 years	Past due: Over 2 years	Total
Expected credit loss rate	0.05%	18.81%	100.00%	100.00%	3.63%
Gross carrying amount (HK$'000)	22,139	1,712	212	340	24,403
Expected credit losses (HK$'000)	12	322	212	340	886

Group D

	Current	Past due: Less than 1 year	Past due: 1 to 2 years	Past due: Over 2 years	Total
Expected credit loss rate	9.04%	29.31%	96.30%	100.00%	82.85%
Gross carrying amount (HK$'000)	343	4,343	405	14,721	19,812
Expected credit losses (HK$'000)	31	1,273	390	14,721	16,415

Total

	Current	Past due: Less than 1 year	Past due: 1 to 2 years	Past due: Over 2 years	Total
Gross carrying amount (HK$'000)	35,583	18,866	13,098	40,248	107,795
Expected credit losses (HK$'000)	156	2,877	7,017	40,248	50,298

21. TRADE AND BILLS RECEIVABLES (continued)

At 31 December 2025, trade receivables of HK$3,130,000 (2024: HK$27,915,000) were pledged as security for the Group's bank loans (note 26).

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 HK$'000	2024 HK$'000
Prepayments	24,118	22,254
Right-of-return assets	3,513	3,666
Deposits and other receivables	21,857	27,818
Value-added tax recoverable	3,004	3,547
Amount due from related parties	2,234	1,477
Amount due from directors	–	2,069
	56,726	60,831
Less: Impairment allowance	(2,132)	(3,715)
	52,594	57,116
Portion classified as non-current	(2,276)	(8,003)
Current portion	50,318	49,113

The movements in the loss allowance for impairment of other receivables are as follows:

	Note	2025 HK$'000	2024 HK$'000
At 1 January		3,715	3,816
Impairment loss reversed	6	(1,200)	–
Exchange realignment		(383)	(101)
At 31 December		2,132	3,715

The above provision for impairment of prepayments, other receivables and other assets was a provision for individually impaired other receivables of HK$3,175,000 (2024: HK$3,816,000) with a carrying amount before provision of HK$2,132,000 (2024: HK$3,715,000) as at 31 December 2025. The Group does not hold any collateral or other credit enhancements over these balances.

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The financial assets included in the above balance were categorised in stage 1 at the year of each reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the current year, except for the default receivables, the Group estimated the expected loss rate for the other receivables is minimal.

Notes to Consolidated Financial Statements

31 December 2025

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 HK$'000	2024 HK$'000
Cash and bank balances	16,170	12,794
Restricted cash	5	6
Pledged deposits	5,000	25,474
	21,175	38,274
Less: Restricted cash and pledged deposits for bills payable or bank loans	(5,005)	(25,480)
Cash and cash equivalents	16,170	12,794
Denominated in RMB	2,080	1,650
Denominated in HK$	5,627	5,424
Denominated in US$	4,249	586
Denominated in JPY	3,664	4,063
Denominated in CAD	282	289
Denominated in AUD	204	705
Denominated in SGD	64	77
Cash and cash equivalents	16,170	12,794

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged deposits earn interest at the respective time deposit rates. The pledged deposits are deposited with bills payables and bank loans with no recent history of default.

24. TRADE AND BILLS PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	85,231	81,029
Bills payables	–	51,185
Total	85,231	132,214

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 month	18,844	20,498
1 to 2 months	16,650	23,561
2 to 3 months	14,283	29,965
Over 3 months	35,454	58,190
Total	85,231	132,214

The trade and bills payables are interest-free and are normally settled on terms of one to six months, extending to longer periods for those long-standing suppliers.

Notes to Consolidated Financial Statements

31 December 2025

25. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK$'000	2024 HK$'000
Other payables	(a)	69,254	56,023
Accruals		19,619	17,218
Contract liabilities	(b)	7,447	4,519
Refund liabilities		9,642	9,037
Retention payable	(c)	11,957	11,015
Amount due to related companies		317	–
Amount due to a director		98	–
		118,334	97,812
Portion classified as non-current	(c)	(11,957)	(11,015)
Current portion		106,377	86,797

Notes:

(a) Other payables are non-interest-bearing and would be generally settled in period ranging from three months to one year.

(b) Details of contract liabilities are as follows:

	2025 HK$'000	2024 HK$'000
Short-term advances received from customers		
Sale of goods	7,447	3,964
Rendering of services	362	555
Total contract liabilities	7,809	4,519

Contract liabilities include short-term advances received for the sale of goods and rendering of services. The increase in contract liabilities in 2025 was mainly due to the increase in short-term advances received from customers in relation to the sale of goods.

(c) The non-current portion of other payables mainly represents the retention money held by the Group with respect to the Group's plants and properties under construction which will be paid in a period over twelve months from 31 December 2025.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate%	Maturity	HK$'000	Effective interest rate%	Maturity	HK$'000
Current						
Bank overdraft [(a)]	4.25-5.25	On demand	3,000	4.25-5.25	On demand	3,000
Bank loans – secured	4.25-6.5	On demand	55,464	4.5-5.6	On demand	107,436
Bank loans – secured [(a)]	3.13-7.13	2026	155,058	3.1-7.1	2025	74,057
Bank loans – unsecured [(a)]	4.5	On demand	–	4.5	On demand	14,958
Bank loans – unsecured	0.85-3.35	2026	19,670	0.85-3.35	2025	10,980
Other borrowings - secured	5.4-5.5	On demand	1,827	7-8	On demand	8,282
Other borrowings - unsecured	–	–	–	8	On demand	1,080
Other borrowings - secured	5	2026	4,539	7	2025	9,158
Other borrowings - unsecured	10	2026	28,753	10	2025	21,597
Total – current			268,311			250,548
Non-current						
Bank loans – secured	0.85-6.5	2027-2030	52,717	0.85-6.5	2026-2030	88,498
Bank loans – unsecured	1.2	2030	2,788	1.2	2030	664
Total – non-current			55,505			89,162
Total			323,816			339,710

	2025 HK$'000	2024 HK$'000
The carrying amount of bank loans and other borrowings repayable is set out below:		
Within one year or on demand	268,311	250,548
In the second year	20,999	20,547
In the third to fifth years, inclusive	34,506	52,546
Beyond five years	–	16,069
Total	323,816	339,710

The borrowings were principally denominated in Hong Kong Dollar and RMB and were at floating interest rates mainly with reference to Hong Kong Interbank Offered Rate ("HIBOR") or PRC loan prime rate ("LPR"), respectively.

Notes to Consolidated Financial Statements

31 December 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Interest-bearing bank and other borrowings are denominated in:

	2025 HK$'000	2024 HK$'000
HK$	55,497	78,141
RMB	267,196	258,445
JPY	1,123	1,499
US$	–	1,625
Total	323,816	339,710

(a) HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" requires that a loan which includes a clause that gives the lender the unconditional right to call in the loan at any time ("repayment on demand clause") shall be classified in total by the borrower as current in the consolidated statement of financial position. Interest-bearing bank loans of the Group in the amount of HK$55,497,000 (2024: HK$78,141,000) include a repayment on demand clause under the relevant loan agreements, among which a balance of HK$19,830,000 (2024: HK$30,511,000) that is repayable after one year from the end of 2025 has been classified as a current liability. For the purpose of the above analysis, such loans are included within current secured bank loans and analysed into bank loans repayable within one year. The aforesaid amount did not include the default loans without on demand clause.

(b) As at 31 December 2025, the Group was not in compliance with certain loan covenants and repayment terms as stipulated in the agreements of the bank and other borrowings amounting to approximately HK$49,608,000 (2024: HK$88,379,000). Bank loans amounting to HK$44,381,000 (2024: HK$68,431,000), out of the HK$49,608,000 (2024: HK$88,379,000), are repayable on demand or within 12 months and have already been accounted for as current liabilities. As at 31 December 2025, the remaining balance of HK$2,227,000 (2024: HK$33,836,000) which are repayable beyond 12 months, have already been accounted for as current liabilities. The Directors are also actively negotiating with the banks to revise the facilities covenants and consider reasonably expected that they could renew the bank facilities subsequent to the financial statements date.

(c) As at 31 December 2025, the Group's bank facilities including overdraft were amounting to HK$343,816,000 (2024: HK$355,190,000), of which HK$323,816,000 (2024: HK$339,710,000) had been utilised.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(d) The following assets were pledged as securities for interest-bearing bank borrowings:

		Carrying value	
	Notes	2025 HK$'000	2024 HK$'000
Property, plant and equipment	13	141,208	152,285
Investment properties	14	3,969	3,871
Right-of-use assets	15	35,179	34,678
Financial assets at fair value through profit or loss	19	12,283	19,119
Inventories	20	7,738	10,558
Trade and bills receivables	21	3,130	27,915
Pledged deposits	23	5,000	5,000
		208,507	253,426

(e) As at 31 December 2025, the Group's bank loans of HK$30,474,000 (2024: HK$39,607,000) were under the SME Financing Guarantee Scheme (the "Scheme"), and the relevant balances were guaranteed by the Government of Hong Kong Special Administrative Region and a personal guarantee by Mr. Abraham Chan, as required under the Scheme.

27. GOVERNMENT GRANTS

	Note	2025 HK$'000	2024 HK$'000
At 1 January		2,062	1,246
Government grants received during the year		3,019	3,261
Amounts released to the statement of profit or loss	5	(1,988)	(2,406)
Exchange realignment		(67)	(39)
At 31 December		3,026	2,062
Portion classified as current liabilities		(170)	(165)
Non-current portion		2,856	1,897

Notes to Consolidated Financial Statements

31 December 2025

28. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred Tax Assets

	Lease liabilities HK$'000	Government grants HK$'000	2025 Unrealised profit on inventories HK$'000	Accrual and provisions HK$'000	Total HK$'000
As at 1 January 2025	2,883	144	1,126	7,687	11,840
Deferred tax charged to the statement of profit or loss during the year (note 10)	(2,042)	–	(159)	(858)	(3,059)
Exchange realignment	(29)	(38)	–	105	38
Gross deferred tax assets at 31 December 2025	812	106	967	6,934	8,819

	Lease liabilities HK$'000	Government grants HK$'000	2024 Unrealised profit on inventories HK$'000	Accrual and provisions HK$'000	Total HK$'000
As at 1 January 2024	5,074	187	1,074	8,898	15,233
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	(2,143)	(42)	52	(1,046)	(3,179)
Exchange realignment	(48)	(1)	–	(165)	(214)
Gross deferred tax assets at 31 December 2024	2,883	144	1,126	7,687	11,840

28. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the year are as follows (continued):

Deferred Tax Liabilities

	2025 Depreciation and amortisation allowance in excess of related depreciation and amortisation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2025	1,833	3,276	5,109
Deferred tax credited to the statement of profit or loss during the year (note 10)	(479)	(508)	(987)
Exchange realignment	2	214	214
Gross deferred tax liabilities at 31 December 2025	1,356	2,982	4,438

	2024 Depreciation and amortisation allowance in excess of related depreciation and amortisation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2024	2,858	5,299	8,157
Deferred tax credited to the statement of profit or loss during the year (note 10)	(944)	(1,964)	(2,908)
Exchange realignment	(81)	(59)	(140)
Gross deferred tax liabilities at 31 December 2024	1,833	3,276	5,109

Notes to Consolidated Financial Statements

31 December 2025

28. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 HK$'000	2024 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,868	7,701
Net deferred tax liabilities recognised in the consolidated statement of financial position	(2,194)	(970)
	4,674	6,731

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Chinese Mainland. In the opinion of the Directors, based on the Group's expansion plan in Chinese Mainland and the cash flow generated in Hong Kong, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. As at 31 December 2025, the amounts of temporary difference associated with the investment in the subsidiary in Chinese Mainland for which deferred tax liabilities have not been recognised totaled approximately HK$170,044,000 (2024: HK$171,664,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Notes to Consolidated Financial Statements

31 December 2025

29. SHARE CAPITAL

Shares

	2025 HK$'000
Authorised: 50,000,000,000 ordinary shares of US$0.001 (HK$0.00775) each	387,500
Issued and fully paid: 535,897,647 ordinary shares of US$0.001 (HK$0.00775) each	4,153

	2024 HK$'000
Authorised: 50,000,000,000 ordinary shares of US$0.1 (HK$0.775) each	38,750,000
Issued and fully paid: 395,897,275 ordinary shares of US$0.1 (HK$0.775) each	306,820

A summary of movements in the Company's share capital and share premium account are as follows:

	Notes	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2024, 31 December 2024 and 1 January 2025		395,897,275	306,820	221,571	528,391
Share capital reduction	(a)	–	(303,752)	–	(303,752)
Issue of new shares	(b)	140,000,372	1,085	59,116	60,201
31 December 2025		535,897,647	4,153	280,687	284,840

Notes:

(a) In March 2025, there was a reduction of issued share capital of the Company by reducing the par value of each issued ordinary share from US$0.1 to US$0.001 by cancelling the paid up share capital to the extent of US$0.099 per issued ordinary share. The reduced amount of HK$303,752,000 was transferred to accumulated losses during the year.

(b) During the year ended 31 December 2025, shares of 93,488,372 and 46,512,000 were issued to BAGI Research Limited and Providence Discovery Fund for the acquisition of certain patents valued at HK$40,200,000 and net proceeds of HK$20,000,000 from share subscription respectively. Balance of HK$59,116,000, representing the difference between par value of shares issued and fair value of patents and share subscription proceeds, is recorded to share premium account. Details of the issue of shares please refer to announcement of the Company dated 30 October 2025 and Circular dated on 2 October 2025.

Notes to Consolidated Financial Statements

31 December 2025

30. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

(a) Share option scheme

The Company operates a share option scheme (the "Option Scheme") for the purpose to recognise and acknowledge the contributions that the eligible participants of the Option Scheme had or may have made to the Company. Eligible participants of the Option Scheme include any full-time or part-time employees, executives or officers of the Company and its subsidiaries, directors (including independent non-executive directors) of the Company and its subsidiaries and advisers, consultants, suppliers, customers, distributors and other persons upon the terms set out in the Option Scheme (the "Eligible Option Participants"). The Option Scheme was adopted pursuant to the resolutions of the Company's shareholders passed on 12 June 2015 (the "Adoption Date") and shall be valid and effective for a period of 10 years commencing on the Adoption Date. The maximum number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date (i.e., 22,500,000 shares) unless the Company obtains approval from its shareholders in general meetings and/or such other requirements prescribe under the Listing Rules and must not exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the Company's shares in issue, unless approval of the Company's shareholders in general meetings and/or such other requirements prescribe under the Listing Rules is obtained.

The amount payable by the grantee on application or acceptance of an option shall be HK$1.00. The period within which the shares must be taken up under an option shall be determined by the Board at its absolute discretion and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Option Scheme.

The subscription price in respect of each share issued pursuant to the exercise of an option granted under the Option Scheme shall be determined by the Board and shall not be less than the highest of: (a) the official closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities; (b) the average of the official closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Option Scheme does not contain any provision of minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer letter at the time of offer.

On 9 May 2019, the Board of the directors of the Group has resolved to grant share options to certain directors and employees of the Company, entitling them to subscribe for a total of 6,376,000 ordinary shares of the Company. The exercise price and the number of shares were adjusted upon completion of the rights issue on 2 March 2020.

On 24 July 2020, 16,124,000 options were granted to five directors and certain employees of the company, entitling them to subscribe for a total of 16,124,000 shares at the exercise price of HK$0.8 per share, conditional upon the grantee accepting the grant. Among the options resolved to grant, 4 employees have not accepted the grant and out of the 16,124,000 options, 800,000 options were not granted eventually. As a result, only 15,324,000 options were granted for the year ended 31 December 2020.

30. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (continued)

(a) Share option scheme (continued)

On 29 December 2022, the Board of the directors of the Group has resolved to grant share options to certain directors of the Company, entitling them to subscribe for a total of 7,700,000 ordinary shares of the Company at the exercise price of HK$1.292 per share, conditional upon the grantee accepting the grant.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January and 31 December	1.35	23.962	1.35	23,962

No share option was exercised during the years ended 31 December 2025 and 2024.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025

Number of options	Exercise price	Vesting date	Exercise period
3,011,859	HK$2.3*	10 May 2020	From vesting date to 9 May 2029
3,011,859	HK$2.3*	10 May 2021	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2022	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2023	From vesting date to 9 May 2029
4,417,667	HK$0.8	23 July 2021	From vesting date to 23 July 2030
5,388,667	HK$0.8	23 July 2022	From vesting date to 23 July 2030
166,666	HK$0.8	23 July 2023	From vesting date to 23 July 2030
3,850,000	HK$1.292	29 December 2023	From vesting date to 28 December 2032
3,850,000	HK$1.292	29 December 2024	From vesting date to 28 December 2032
23,962,424			

Notes to Consolidated Financial Statements

31 December 2025

30. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (continued)

(a) Share option scheme (continued)

2024

Number of options	Exercise price	Vesting date	Exercise period
3,011,859	HK$2.3*	10 May 2020	From vesting date to 9 May 2029
3,011,859	HK$2.3*	10 May 2021	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2022	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2023	From vesting date to 9 May 2029
4,417,667	HK$0.8	23 July 2021	From vesting date to 23 July 2030
5,388,667	HK$0.8	23 July 2022	From vesting date to 23 July 2030
166,666	HK$0.8	23 July 2023	From vesting date to 23 July 2030
3,850,000	HK$1.292	29 December 2023	From vesting date to 28 December 2032
3,850,000	HK$1.292	29 December 2024	From vesting date to 28 December 2032
23,962,424			

* The number of option and exercise price was adjusted upon the completion of rights issue.

No share option was granted during the years ended 31 December 2025 and 2024.

Details of the share option expenses during the years ended 31 December 2025 and 2024 are listed as below:

	2025 HK$'000	2024 HK$'000
Gross amount of share option expenses	–	1,450
Net share option expenses recognised during the year	–	1,450
Less: Included in directors' remuneration (note 8)	–	(1,450)
Employee benefit expenses	–	–

As at 31 December 2025, the Company had 23,962,424 (31 December 2024: 23,962,424) share options outstanding under the Scheme, which represented approximately 4.5% (31 December 2024: 6.1%) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,962,424 (31 December 2024: 23,962,424) additional ordinary shares of the Company and additional equity amount of HK$32,371,825 (31 December 2024: HK$32,371,825) (before share issue expenses).

30. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (continued)

(b) Shares held for the share award scheme

The Board has adopted a share award scheme on 22 February 2016 (the "Award Scheme") in which any employee and non-executive director of the Company and/or any member of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group (the "Eligible Award Participants") will be entitled to participate. The purposes of the Award Scheme are:

1. to recognise and motivate the contributions by certain Eligible Award Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;

2. to attract suitable personnel for further development of the Group; and

3. to provide certain Eligible Award Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Award Participants.

The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administrating the Share Award Scheme. The Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees until they are vested. Unless early terminated by the Board, the Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The Board has further resolved in February 2016 that a sum of HK$10,000,000 has provided for the purchase of the Company's shares to be awarded to the Eligible Award Participants to be selected by the Board.

Shareholdings of Share Award Scheme Trust

As at 31 December 2025, the Share Award Scheme Trust held 844,335 (31 December 2024: 844,335) shares of the Company. During the year ended 31 December 2025, no share (2024: Nil) was purchased by the Share Award Scheme Trust through the Stock Exchange and no share (2024: Nil) was vested.

Granted Award Shares

On 16 June 2017 (the "Date of Grant"), the Board of the directors of the Company resolved to grant share awards in respect of a total of 2,050,000 shares (the "Award Shares") to 18 persons who are Eligible Award Participants. Details of the grant of Award Shares pursuant to the Award Scheme have been set out in the Company's announcement dated 16 June 2017.

On 25 August 2020, the board of the directors of the Company resolved to grant share awards in respect of a total of 1,000,000 shares to Mr. SK Cheong. This director was re-designated as a non-executive director in June 2021 and retired in March 2022.

All of the awarded shares were vested or forfeited during the year ended 31 December 2022. No award share was granted during the years ended 31 December 2025 and 31 December 2024.

Notes to Consolidated Financial Statements

31 December 2025

30. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (continued)

(b) Shares held for the share award scheme (continued)

Granted Award Shares (continued)

Summary of the Award Shares granted during the year ended 31 December 2024 was as follows:

				Number of Awarded Shares				
Date of Grant	Number of outstanding Awarded Shares as at the Date of Grant	Fair value HK$'000	Vesting Date	Vested during the prior years	Forfeited during the prior years	Vested during the prior year	Forfeited during the prior year	Outstanding as at 31 December 2024
16 June 2017	615,000	2,295	16 June 2018	(525,000)	(90,000)	–	–	–
16 June 2017	410,000	1,529	16 June 2019	(290,000)	(120,000)	–	–	–
16 June 2017	410,000	1,529	16 June 2020	(290,000)	(120,000)	–	–	–
16 June 2017	410,000	1,529	16 June 2021	(290,000)	(120,000)	–	–	–
16 June 2017	205,000	765	16 June 2022	–	(60,000)	(115,000)	(30,000)	–
25 August 2020	333,333	234	1 January 2021	(333,333)	–	–	–	–
25 August 2020	83,333	58	1 February 2021	(83,333)	–	–	–	–
25 August 2020	83,333	58	1 March 2021	(83,333)	–	–	–	–
25 August 2020	83,333	58	1 April 2021	(83,333)	–	–	–	–
25 August 2020	83,333	58	1 May 2021	(83,333)	–	–	–	–
25 August 2020	83,333	58	1 June 2021	–	(83,333)	–	–	–
25 August 2020	83,333	58	1 July 2021	–	(83,333)	–	–	–
25 August 2020	83,333	58	1 August 2021	–	(83,333)	–	–	–
25 August 2020	83,336	60	1 September 2021	–	(83,336)	–	–	–
	3,050,000	8,347		(2,061,665)	(843,335)	(115,000)	(30,000)	–

No equity-settled share award expenses of the Group has been recognised during the years ended 31 December 2025 and 2024.

31. RESERVES

Surplus reserves

Pursuant to the relevant laws and regulations in the PRC, the companies now comprising the Group which are registered in the PRC shall appropriate a certain percentage of their net profit after tax (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. When the balance of this reserve fund reaches 50% of the entities' capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages. After making the appropriation to the statutory surplus reserve, the Company may also appropriate its profit for the year to the discretionary surplus reserve upon approval by the Board or the shareholders in general meetings.

Capital reserve

Capital reserve represented additional contributions made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional non-controlling interest of a subsidiary, the difference between the cost of acquisition and the non-controlling interest acquired.

Merger reserve

The merger reserve represented the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired and the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation undergone by the Group.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group acquired certain patents of HK$40,200,000 by issue of 93,488,372 ordinary shares of the Company (note 17).

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$23,687,000 (2024: HK$7,235,000) and HK$23,687,000 (2024: HK$7,235,000), respectively, in respect of lease arrangements for land and buildings, machinery and equipment (note 15).

Notes to Consolidated Financial Statements

31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities:

2025

	Lease liabilities HK$'000	Interest Payable HK$'000	Bank loan and other borrowings HK$'000
At 1 January 2025	24,049	1,626	339,710
Changes from net financing cash flows	(19,434)	(20,431)	(29,452)
Interest expense	1,010	19,711	10,736
New leases	23,687	–	–
Disposal	(2,394)	–	–
Exchange realignment	(406)	(618)	2,822
At 31 December 2025	27,326	288	323,816

2024

	Lease liabilities HK$'000	Interest Payable HK$'000	Bank loan and other borrowings HK$'000
At 1 January 2024	39,654	1,128	385,116
Changes from net financing cash flows	(19,964)	(22,032)	(39,506)
Interest expense	1,213	22,501	–
New leases	7,235	–	–
Disposal	(3,922)	–	–
Exchange realignment	(167)	29	(5,900)
At 31 December 2024	24,049	1,626	339,710

33. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Buildings	26,703	26,289
Plant and machinery	105	32
Total	26,808	26,321

34. CONTINGENT LIABILITIES

There were no material contingent liabilities of the Group as at 31 December 2024.

As at 31 December 2025, there were certain legal cases against certain subsidiaries of the Company for repayment of other loans of an aggregate principal amount of HK$6,610,000 and compensation filed to courts in Chinese Mainland. Based on the advice from the Group's legal advisor, the Directors did not have sufficient information to estimate the expense of compensation because the Group not yet received the formal documents from the courts or plaintiff up to the date of approval of these consolidated financial statements.

35. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) Names of the Group's principal related parties and their relationship with the Group

Name of related parties	Relationship
Mr. Chan Yu Ling, Abraham ("Mr. Abraham Chan")	Director of the Company
Ms. Man Yee Wai, Viola	Director of the Company
HerbMiners Informatics Ltd. ("HerbMiners")	Company controlled by Mr. Abraham Chan
BAGI Research Limited ("BAGI Research")	Company controlled by Mr. Abraham Chan
BAGI Biosciences Limited ("BAGI Bio")	Company controlled by Mr. Abraham Chan
Petzup Laboratories Limited ("Petzup")	Company controlled by Gold Sparkle Ltd, and Gold Sparkle Ltd. is controlled by Mr. Abraham Chan
Purapharm Corporation Limited	Company controlled by Joint Partners Investments Limited, and Joint Partners Investments Limited is controlled by Mr. Abraham Chan & Ms. Man Yee Wai, Viola

Notes to Consolidated Financial Statements

31 December 2025

35. RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions during the reporting period are as follows:

	Notes	2025 HK$'000	2024 HK$'000
Advance received from a director	(i)	–	–
Interest expense to a director	(i)	–	129
Advance to a director	(i)	–	8,248

Notes:

(i) The Group's subsidiary entered into a loan agreement with Mr. Abraham Chan during the year 2022, in which Mr. Abraham Chan agreed to make a loan of RMB9,800,000 (approximately equivalent to HK$10,971,000) for financing the general corporate funding requirements with a 2-year maturity. The interest income in relation to the aforesaid loan was at the rate of 5% per annum which is determined according to the prices and conditions similar to loans offered by the banks to the Group. Besides, another subsidiary of the Group has an amount due from Mr. Abraham Chan of HK$6,449,000 as at 31 December 2022.

The Group had offset the aforesaid loan with amount due from Mr. Abraham Chan of HK$6,449,000 and HK$6,449,000 respectively, in respect of the offsetting arrangement.

During the year 2023, the Group's subsidiary entered into another loan agreement with Mr. Abraham Chan in which Mr. Abraham Chan agreed to make a loan of RMB7,250,000 (approximately equivalent to HK$8,025,000) for financing the general corporate funding requirements with a 1-year maturity. The interest income in relation to the aforesaid loan was at the rate of 5% per annum which is determined according to the prices and conditions similar to loans offered by the banks to the Group. Besides, another subsidiary of the Group has an amount due from Mr. Abraham Chan of HK$7,220,000 as at 31 December 2023.

The Group had offset the aforesaid loan with amount due from Mr. Abraham Chan of HK$7,220,000 and HK$7,220,000 respectively, in respect of the offsetting arrangement.

During the year ended 31 December 2025, the balance of amount due to a director was fully settled.

35. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balance with related parties:

	2025		2024	
		Maximum amount outstanding		Maximum amount outstanding
	HK$'000	HK$'000	HK$'000	HK$'000
Loan from a director				
Mr. Abraham Chan	–	–	–	6,876
Amount due to a director				
Mr. Abraham Chan	98	–	–	–
Amount due to related parties controlled by				
– Mr. Abraham Chan	317	–	–	–
Amount due from related parties controlled by				
– Ms. Man Yee Wai, Viola	–	–	3	3
– Mr. Abraham Chan	2,100	2,100	2,066	2,066
– Bagi Canada Corp	21	21	21	21
– Purapharm Corporation Limited	113	113	113	113

(d) As at 31 December 2025, the Group's bank loans of HK$30,474,000 (31 December 2024: HK$39,607,000) were under the SME Financing Guarantee Scheme (the "Scheme"), and the relevant balances were guaranteed by the Government of Hong Kong Special Administrative Region and a personal guarantee by Mr. Abraham Chan, as required under the Scheme.

(e) During the year ended 31 December 2025, the Company issued 93,488,372 shares to BAGI Research, a company controlled by Mr. Abraham Chan, for acquisition of certain patents. The fair value of those patents were estimated at HK$40,200,000 by an external valuer.

(f) Compensation of key management personnel of the Group:

	2025	2024
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	6,113	9,215
Equity-settled share award and share option expenses	–	1,450
Pension scheme contributions	51	108
Total	6,164	10,773

Notes to Consolidated Financial Statements

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	12,283	–	–	12,283
Financial assets at fair value through other comprehensive income	–	2,746	–	2,746
Trade receivables	–	–	56,405	56,405
Financial assets included in prepayments, other receivables and other assets	–	–	33,537	33,537
Restricted cash and pledged deposits	–	–	5,005	5,005
Cash and cash equivalents	–	–	16,170	16,170
Total	12,283	2,746	111,117	126,146

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	85,231
Financial liabilities included in other payables and accruals	33,585
Lease liabilities	27,326
Interest-bearing bank and other borrowings	323,816
Total	469,958

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	21,866	–	–	21,866
Bills receivable	–	3,563	–	3,563
Trade receivables	–	–	53,934	53,934
Financial assets included in prepayments, other receivables and other assets	–	–	27,649	27,649
Restricted cash and pledged deposits	–	–	25,480	25,480
Cash and cash equivalents	–	–	12,794	12,794
Total	21,866	3,563	119,857	145,286

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	132,214
Financial liabilities included in other payables and accruals	67,038
Lease liabilities	24,049
Interest-bearing bank and other borrowings	339,710
Total	563,011

Notes to Consolidated Financial Statements

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments in above tables in note 36 were reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, restricted cash and pledged deposits, trade and bills receivables, trade and bills payables, amount due from related parties, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Non-current interest-bearing bank borrowings and lease liabilities

The fair values have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Financial asset at fair value through other comprehensive income

The fair value of bills receivable categorised under Level 2 has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The key observable inputs in the valuation are time to expiration and risk free rate. The fair values of bills receivable approximate to their carrying amounts as at the end of the reporting period.

The fair value of an unlisted investments categorised within Level 2 was determined by recent transaction prices for the unlisted equity.

Financial asset at fair value through profit or loss

Life insurance policies was categorised within Level 3 and their fair values were mainly affected by its surrender value as the directors expected the other unobservable inputs such as insurance risk would not have significant impact on the fair value of the insurance policy. The surrender value of the insurance policy was obtained from the insurance company without any adjustment. The directors believe that the estimated fair value and the related changes in fair values are reasonable, and that they were the most appropriate values at the end of the reporting period.

Investment properties

The fair value was categorised within Level 2 and has been estimated based on the significant observable inputs, such as the policies as disclosed in note 14 to the financial statements.

There were no transfers of fair value measurements during the years ended 31 December 2025 and 2024.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing and other borrowings, financial assets through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate of 100 basis points, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

Decrease/(increase) in the Group's loss before tax

	2025 HK$'000	2024 HK$'000
If decrease by 100 basis points	1,022	1,489
If increase by 100 basis points	(1,022)	(1,489)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity for the years ended 31 December 2025 and 2024 to a reasonably possible change by 5% in the HK$ exchange rates against RMB and JPY, with all other variables held constant, of the Group's loss before tax due to changes in the fair values of monetary assets and liabilities.

	2025 HK$'000	2024 HK$'000
If RMB weakens against HK$ by 5%		
Decrease in loss before tax	16,252	19,233
If RMB strengthens against HK$ by 5%		
Increase in loss before tax	(16,252)	(19,233)
If JPY weakens against HK$ by 5%		
Increase in loss before tax	(55)	(160)
If JPY strengthens against HK$ by 5%		
Decrease in loss before tax	55	160

Notes to Consolidated Financial Statements

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-months ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified Approach HK$'000	Total HK$'000
Trade and bills receivables*	–	–	–	94,658	94,658
Financial assets included in prepayments, other receivables and other assets					
– Normal**	33,537	–	–	–	33,537
Restricted cash and pledged deposits					
– Not yet past due	5,005	–	–	–	5,005
Cash and cash equivalents					
– Not yet past due	16,170	–	–	–	16,170
	62,142	–	–	94,658	156,800

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-months ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified Approach HK$'000	Total HK$'000
Trade and bills receivables*	3,563	–	–	104,232	107,795
Financial assets included in prepayments, other receivables and other assets					
– Normal**	27,649	–	–	–	27,649
Restricted cash and pledged deposits					
– Not yet past due	25,480	–	–	–	25,480
Cash and cash equivalents					
– Not yet past due	12,794	–	–	–	12,794
	69,486	–	–	104,232	173,718

* For trade and bills receivables to which the Group applies the general and simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the amount due from related parties and financial assets included in prepayments, other receivables and other assets are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Notes to Consolidated Financial Statements

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025					
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	47,847	30,583	198,764	62,484	–	339,678
Trade and bills payables	–	49,776	35,454	–	–	85,230
Other payables	–	–	33,585	–	–	33,585
Lease liabilities	–	4,438	11,373	11,515	–	27,326
Total	47,847	84,797	279,176	73,999	–	485,819

	2024					
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	128,817	23,848	99,698	111,158	281	363,802
Trade and bills payables	–	132,214	–	–	–	132,214
Other payables	–	–	67,038	–	–	67,038
Lease liabilities	–	4,127	9,160	9,096	2,892	25,275
Total	128,817	160,189	175,896	120,254	3,173	588,329

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Note: As at 31 December 2025, interest-bearing bank borrowings in the amount of HK$113,609,000 (2024: HK$134,756,000) included a repayment on demand clause in the loan agreements giving the banks the unconditional right to call in the loans at any time; or were not in compliance with certain financial loan covenants and the respective cash loans would become callable, therefore, for the purpose of the above maturity profile, the amounts are classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the end of the reporting period, the Group's compliance with the loan covenants, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments as at 31 December 2025 and 2024 are as follows:

Year ended 31 December	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2025	47,847	30,583	198,764	62,484	–	339,678
2024	78,141	32,926	112,683	139,771	281	363,802

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to owners of the parent. Net debt includes interest-bearing bank and other borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK$'000	2024 HK$'000
Interest-bearing bank and other borrowings	323,816	339,710
Net debt	323,816	339,710
Equity attributable to owners of the parent	130,484	111,198
Gearing ratio	2.5	3.1

Notes to Consolidated Financial Statements

31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK$'000	2024 HK$'000
NON CURRENT ASSET		
Other Intangible assets	40,200	–
Total non current asset	40,200	–
CURRENT ASSETS		
Prepayments, other receivables and other assets	91,163	255,400
Cash and cash equivalents	1	3
Total current assets	91,164	255,403
CURRENT LIABILITIES		
Other payables and accruals	880	1,308
Total current liabilities	880	1,308
NET CURRENT ASSETS	90,284	254,095
TOTAL ASSETS LESS CURRENT LIABILITIES	130,484	254,095
Net assets	130,484	254,095
EQUITY (note)		
Share capital	4,153	306,820
Shares held for share award scheme	(2,859)	(2,859)
Reserves	129,190	(49,866)
Total equity	130,484	254,095

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Shares held for share award scheme HK$'000	Reserve for share award and share option HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024	306,820	221,571*	(2,859)	13,222*	(280,465)*	258,289
Loss for the year	–	–	–	–	(5,644)	(5,644)
Recognition of equity-settled share option expenses	–	–	–	1,450	–	1,450
At 31 December 2024 and at 1 January 2025	306,820	221,571*	(2,859)	14,672*	(286,109)*	254,095
Share capital reduction	(303,752)	–	–	–	303,752	–
Issue of new shares	1,085	59,116	–	–	–	60,201
Loss for the year	–	–	–	–	(183,812)	(183,812)
At 31 December 2025	4,153	280,687*	(2,859)	14,672*	(166,169)*	130,484

* These reserve accounts comprise the reserves of HK$129,190,000 (2024: negative reserves of HK$49,866,000) in the statement of financial position of the Company.

40. EVENTS SUBSEQUENT TO THE END OF REPORTING PERIOD

On 26 February 2026, the Company entered into a convertible bonds subscription agreement with an investor at a principal amount of HK$20,000,000 and received the proceeds on 20 March 2026.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 25 March 2026.

Particulars of Properties

31 December 2025

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
No.111, Level 1, Unit 2, A8, Greenland Central Plaza, Qingxiu District, Nanning, China	Clinic	Medium term lease	100%
No. A-101, Greenland International Huadu, 39 Pingle Avenue, Liangqing District, Nanning, China	Clinic	Medium term lease	100%

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	336,113	382,090	406,859	448,069	659,592
Cost of sales	(155,957)	(176,948)	(190,230)	(185,365)	(236,239)
Gross profit	180,156	205,142	216,629	262,704	423,353
Other income and gains	5,465	17,391	15,151	15,990	12,502
Selling and distribution expenses	(52,484)	(64,912)	(91,658)	(157,383)	(220,006)
Administrative expenses	(152,051)	(159,474)	(171,520)	(157,915)	(168,451)
Share of loss of a joint venture	(88)	(312)	(145)	–	–
Impairment loss on property, plant and equipment	–	(1,726)	(12,804)	(3,022)	–
Impairment loss on right-of-use assets	(1,291)	(697)	–	–	–
Impairment loss on goodwill	–	–	(3,049)	–	(67,346)
Reversal of/(provision for) impairment loss on financial assets, net	8,157	997	(5,034)	(11,906)	(17,278)
Other expenses	(1,552)	(1,839)	(22,475)	(43,467)	(52,939)
Finance costs	(20,722)	(23,714)	(27,407)	(24,183)	(27,027)
LOSS BEFORE TAX	(34,410)	(29,144)	(102,312)	(119,182)	(117,192)
Income tax expense	(813)	(6,295)	(3,769)	(1,032)	(4,685)
LOSS FOR THE YEAR	(35,223)	(35,439)	(106,081)	(120,214)	(121,877)
Attributable to:					
Owners of the parent	(35,223)	(35,439)	(106,081)	(120,214)	(121,877)

ASSETS AND LIABILITIES

	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	693,758	715,725	843,963	1,016,497	1,205,863
TOTAL LIABILITIES	(563,274)	(604,527)	(690,727)	(758,208)	(804,305)
	130,484	111,198	153,236	258,289	401,558

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