遠大健康
CGE HEALTHCARE

遠大醫藥集團
GRAND PHARMACEUTICAL GROUP

遠大醫藥集團有限公司
GRAND PHARMACEUTICAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 00512)

2025
ANNUAL REPORT

Contents

Corporate Information

EXECUTIVE DIRECTORS

Dr. Tang Weikun *(Chairman)*
Mr. Zhou Chao *(CEO)*
Mr. Yang Guang
Ms. Lam Chit Yee Jessica

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. So Tosi Wan, Winnie
Dr. Xing Li Na
Dr. Pei Geng
Mr. Hu Yebi

COMPANY SECRETARY

Mr. Foo Tin Chung, Victor

AUTHORISED REPRESENTATIVES

Dr. Tang Weikun
Mr. Foo Tin Chung, Victor

AUDIT COMMITTEE

Ms. So Tosi Wan, Winnie *(Chairwoman)*
Dr. Xing Li Na
Dr. Pei Geng
Mr. Hu Yebi

REMUNERATION COMMITTEE

Ms. So Tosi Wan, Winnie *(Chairwoman)*
Ms. Lam Chit Yee Jessica
Dr. Tang Weikun
Mr. Hu Yebi

NOMINATION COMMITTEE

Ms. So Tosi Wan, Winnie *(Chairwoman)*
Mr. Zhou Chao *(CEO)*
Mr. Hu Yebi

WEBSITE

www.grandpharm.com

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISERS

As to Bermuda Law:
Conyers & Dill Pearman

As to Hong Kong Law:
Loeb & Loeb LLP

PRINCIPAL SHARE REGISTRAR

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HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

HSBC
Bank of China
Bank of Communications

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

PRINCIPAL OFFICE

Units 3302, The Center
99 Queen's Road Central, Hong Kong

Letter to Shareholders

Dear Shareholders,

In 2025, the pharmaceutical industry faced temporary challenges, with revenue from manufacturing enterprises above a certain scale and the Producer Price Index (PPI) both declining year-over-year. However, the value added of the pharmaceutical manufacturing sector remained stable with steady progress, and the industry continued to build momentum amid these adjustments. At the same time, China's pharmaceutical industry has accelerated its transition from generic drugs to innovative medicines, with domestically developed innovative drugs continuing to integrate into the global market. Amid this wave of transformation, we firmly believe that innovation-driven development is the key to a company's success in navigating economic cycles, and that a global strategic footprint is the inevitable path for China's innovative medicines to reach the world.

As the inaugural year of the Group's strategic transformation and five-year development plan, we stood shoulder to shoulder with the industry in 2025, persevered through challenges, and forged ahead through innovation. We successfully achieved our annual operational targets, laying a solid foundation for high-quality, rapid growth in 2026 and beyond. In the cutting-edge sectors where we have proactively expanded–including nuclear medicine, critical care, and innovative ophthalmic drugs–we have achieved abundant R&D results, with over 30 milestone achievements. Several innovative first-in-class (FIC) and best-in-class (BIC) products have made significant historic breakthroughs, including the sepsis treatment drug STC3141, the FAPI-targeted solid tumor diagnostic drug GPN01530, and the GPC3-targeted liver cancer diagnostic drug GPN02006, have all demonstrated their potential, showcasing a comprehensive burst of innovative strength.

In line with the Group's strategic vision and development goals, the nuclear medicine oncology diagnostics and therapeutics segment has delivered outstanding results, achieving both explosive growth and global expansion–growing nearly fifteenfold over the past four years. Sales of the core product YiGanTai® have continued to surge, and the product secured new indications this year, becoming the world's first and only selective internal radiation therapy (SIRT) product approved by the FDA for dual indications: unresectable hepatocellular carcinoma (HCC) and liver metastases from colorectal cancer, fully demonstrating its market potential. Meanwhile, with the successful completion and commissioning of the world's first "zero-radiation" smart radiopharmaceutical factory, we have achieved a critical leap from innovative R&D to large-scale production. We have fully established a globally autonomous and controllable radiopharmaceutical industry chain ecosystem, enabling the benefits of radiopharmaceutical innovations to reach a broader patient population more efficiently. To date, the Group has fully integrated the entire nuclear medicine value chain–from early-stage research, clinical development, and regulatory submissions to commercialization–solidifying its position among the global leaders in the nuclear medicine sector and establishing itself as a driving force in global nuclear medicine innovation.

We consistently pursue differentiated innovation and are committed to building a world-leading nuclear medicine product pipeline. Currently, the Group's innovative nuclear medicine pipeline comprises nearly 30 projects, with in-house developed products accounting for over 50% of the total, and four products are already in Phase III clinical trials. Among these, TLX591-CDx has successfully met the endpoints of its domestic Phase III clinical trial and will formally enter the new drug application (NDA) phase in 2026, with approval expected within the year; TLX591 and ITM-11 have entered international multicenter Phase III clinical trials, with ITM-11 having enrolled its first patient; The Group's independent R&D of radiopharmaceuticals GPN01530 and GPN02006, leveraging novel targets and mechanisms, are establishing a foothold in the diagnosis of solid tumors and hepatocellular carcinoma, demonstrating best-in-class potential. Notably, GPN01530 has become the Group's first independent R&D of RDC product to receive FDA approval for clinical trials, providing a significant model for the international development of the Group's radiopharmaceutical products.

Letter to Shareholders

In the field of critical care, STC3141–a first-in-class blockbuster product independently developed by the Group with global proprietary rights–has successfully met its primary endpoints in a Phase II clinical trial in China. With a novel therapeutic mechanism centered on restoring immune homeostasis, this product precisely addresses the significant unmet medical need in sepsis–a market valued at tens of billions of dollars–and has successfully overcome long-standing R&D challenges and clinical bottlenecks in this field. Currently, we are actively engaging with international regulatory authorities, including the U.S. FDA, to optimize the international multi-center clinical protocol and are fully advancing the preliminary preparations for its global Phase III clinical trials. In the future, this product is expected to fill the clinical gap in sepsis treatment and provide a breakthrough, novel therapeutic solution for nearly 50 million sepsis patients worldwide.

As spring blossoms yield autumn's harvest, our efforts bear abundant fruit. We are fully committed to efficiently translating innovative achievements into commercialization. In 2025, we will continue to leverage synergies across our diversified business segments: asthma products such as Enerzair® Breezhaler® and Atectura® Breezhaler® are accelerating market expansion; the compound nasal spray Ryaltris® "Zero-Dose" has been approved, benefiting 250 million patients with allergic rhinitis; the first generic version of fluticasone propionate nasal spray was launched, ending the originator's 20-year market exclusivity; the dry eye nasal spray OC-01 and TP-03 – the world's first treatment for demodex blepharitis–were launched in mainland China and Macau, respectively; The world's only epinephrine nasal spray, Neffy® was approved for market launch, filling a gap in the out-of-hospital emergency care market. With a series of products being launched in rapid succession, driving growth in both volume and quality to create new momentum. These launches not only fill clinical gaps across various therapeutic areas and address unmet medical needs, but also further solidify the Group's product portfolio in its core fields. This will help the Group pioneer new high-growth markets and capture vast blue-ocean growth opportunities, continuously injecting sustained core growth momentum into the Group's long-term, high-quality development.

Dedication leads to success; research and innovation never cease. We remain steadfast in our commitment to innovation and continue to strengthen our R&D infrastructure. The Group's independent innovation capabilities have steadily improved, with frequent successes and abundant achievements across all major core business areas. GPN00153 ("**CBT-001**"), an innovative treatment for pterygium, has completed patient enrollment for its international multicenter Phase III clinical trial; GPN00884, designed to slow the progression of myopia in children, has enrolled its first patient in the domestic Phase IIa clinical trial; GPN01360 and GPN01020, two Class 1.1 innovative traditional Chinese medicine drugs for the treatment of depression, has met the endpoints of its Phase II clinical trial. With all core therapeutic areas advancing in tandem, the Group has demonstrated its world-class global R&D capabilities and global clinical development strength, laying a solid foundation for long-term growth.

Through unwavering commitment to innovation and structural optimization, the Group has fully absorbed the temporary impact of centralized procurement policies. Looking ahead to 2026, the Group will return to a trajectory of high-quality, rapid growth. This robust resilience, which transcends industry cycles, stems from our long-term commitment to and steadfast implementation of our innovation strategy. Currently, innovative and high-barrier products account for 50% of the Group's revenue. In 2026, several blockbuster innovative products will be launched and commercialized in succession, making innovation the core engine driving the Company's growth.

Letter to Shareholders

Moving forward, Grand Pharma will continue to anchor its development in innovation-driven growth and pursue global expansion:

We will continue to deepen our innovation-driven approach and accelerate clinical development in our core therapeutic areas. Focusing on key fields such as radiopharmaceuticals, ophthalmology, and critical care, we will expedite the clinical trials and market launch of priority projects. We will implement a differentiated strategy centered on specific targets and indications, strengthen FIC and BIC innovation at the source, and expand our presence in cutting-edge areas such as radiopharmaceuticals, precision interventional therapies for cardiovascular and cerebrovascular diseases, and the modernization of traditional Chinese medicine.

We will resolutely advance our Go Global strategy and accelerate our global expansion. Adhering to our "dual filing in China and the U.S." strategy, we will drive the overseas development of our self-developed innovative drugs, such as GPN01530 and STC3141. Seizing the opportunity presented by the globalization of YiGanTai®, we will refine our overseas commercialization network, establish a benchmark for "Intelligent Made in China" going global, and explore diverse international expansion pathways to enhance Grand Pharma's global influence.

Dear Shareholders and Friends, there are no shortcuts to pharmaceutical innovation; only by staying true to our original aspirations and persevering with unwavering dedication can we achieve steady and sustainable progress. After years of dedicated effort, Grand Pharma has established a leading position in our core therapeutic areas and laid a solid foundation for leapfrog development.

We firmly believe that the value of a pharmaceutical company lies in safeguarding lives through innovation and creating long-term value through responsibility. Moving forward, we will remain patient-centered, with innovation as our guiding principle and globalization as our driving force. We will deepen our focus on core sectors, strengthen our industrial foundation, provide superior solutions for patients worldwide, create sustainable value for our shareholders, and contribute even more to pharmaceutical innovation in China!

Thank you to all our shareholders for your companionship, trust, and support throughout our journey. In 2026, let us join hands and embark on a new chapter together!

Corporate Profile

GROUP POSITIONING

The Group is an international pharmaceutical company of technological innovation. Its core businesses cover three major areas, namely nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology, pharmaceutical technology and biotechnology. Based on the pharmaceutical and biological industries, the Group focuses on the needs of patients, and take technological innovation as the driving force. In response to the unmet clinical needs, the Group will increase its investment in global innovative products and advanced technologies, enrich and improve its product pipelines, consolidate and strengthen its industrial chain layout, and fully leverage the Group's industrial strengths and R&D capabilities to provide more advanced and diverse treatment solutions to patients worldwide.

With unremitting efforts in recent years, the Group has laid a more solid foundation for development, consolidated its operation scale, gradually optimized its business structure, continued to improve its operation mode, accelerated its pace of transformation and upgrading, and made various achievements in innovative layout. The Group's profitability continues to improve and help facilitate R&D and innovation; its good ability in mergers and acquisitions and integration continues to consolidate the scale of development; the integration of raw materials and preparations improves the structure of the industrial chain; and the diversification of business and entities has effectively enhanced the comprehensive advantages.

"Maintain stable growth, strive in innovation and strategic planning", the Group will stick with the development concept of "comprehensive strengths, innovation leading and global expansion" and the strategy of "dual-wheel driving development of independent R&D, global expansion and dual-cycle operation", the Group has formed a new pattern of domestic and international cycles that synergize with each other, and is committed to becoming an international pharmaceutical company of technological innovation, delivering on its promises for doctors and patients, and making significant contribution to the society.

Corporate Profile

RESEARCH AND DEVELOPMENT

131 Projects under research

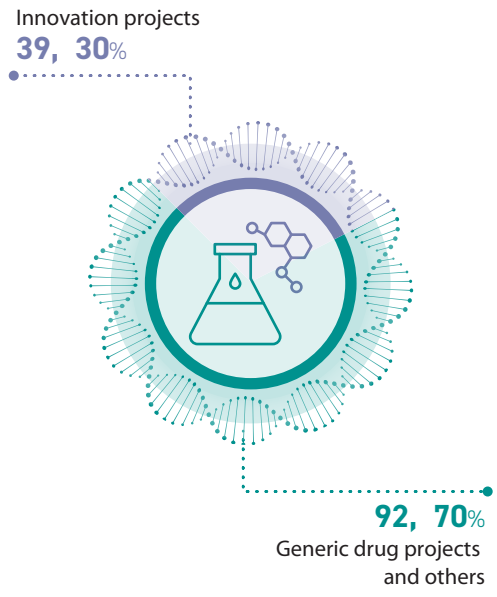
Approximately HK$ **1.46** billion investment in R&D and new projects

8 R&D centers

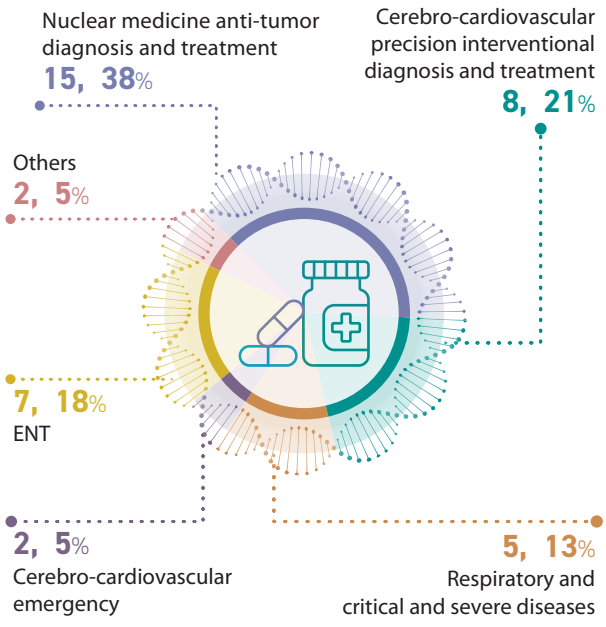
Achieved **65** significant milesontes

5 Technology platforms

OVERVIEW OF 131 R&D PROJECTS



OVERVIEW OF 39 INNOVATIVE PROJECTS BY AREAS



Corporate Profile

INNOVATIVE PRODUCT PIPELINE STRATEGIC PLAN

As of 12 March 2025, the R&D progress of the Group's innovative product pipelines is as follows:

Field	Sector	Direction		Product	Indication	R&D progress						
						Preclinical	IND/Model Inspection	Phase I	Phase II	Phase III	NDA/ Registration	Launch
Technologies on nuclear medicine and anti-tumor diagnosis and treatment as well as cerebrocardiovascular precision interventional diagnosis and treatment	Nuclear medicine and anti-tumor diagnosis and treatment	Radionuclide-drug conjugate (RDC)		TLX591 (177Lu-rosapatumab)	Hemodialysis					● ⬢		
				TLX591-CDx (68Ga-PSMA-11)	Prostate cancer – diagnosis						●	⬢
				TLX250 (177Lu-girentuximab)	Clear cell renal cell carcinoma	●			⬢			
				TLX250-CDx (89Zr-girentuximab)	Clear cell renal cell carcinoma – diagnosis					●	⬢	
				TLX101 (131I-IPA)	Glioblastoma			●	⬢			
				TOCscan®	Gastroenteropancreatic neuroendocrine tumor – diagnosis	●						⬢
				ITM-11	Gastroenteropancreatic neuroendocrine tumor						● ⬢	
				ITM-41	Malignant tumor bone metastases	● ⬢						
				GPN01530	Solid tumor - diagnosis			⬢				
				GPN2006	Hepatocellular carcinoma - diagnosis	●						
		Interventional treatment		Y-90 microsphere injection	Primary liver cancer				●			⬢
				Thermosensitive embolic agent product	Vascular-rich solid organ tumors					●		
				Kona	Cerebral arteriovenous malformations						⬢	
				AuroLase	Prostate cancer						⬢	
				UPro-SEEK	UI-MRD		●					
				UI-MRD	Urothelial carcinoma				●			
	Cerebrocardiovascular precision interventional diagnosis and treatment	Access management	Vascular intervention	aXess	Hemodialysis	●				⬢		
			Neurointervention	GPN01037	Intracranial stenosisss	●						
		Structural heart disease and heart failure	Structural heart disease	Saturn	Mitral regurgitation	●			⬢			
		Heart failure	Heart failure	CoRisma	HPV-16-positive solid tumors	● ⬢						
Pharmaceutical Technology	ENT	Ophthalmology		GPN00153 (CBT-001)	Pterygium					● ⬢		
				GPN00833	Anti-inflammatory and analgesic					●		⬢
				GPN00884	Myopia prevention and control				●			
		Traditional Chinese Medicine		GPN01360	Depression				●			
				GPN01020	Neurological Disorders				●			
	Respiratory and severe disease	Severe disease		STC3141	Sepsis				●			
	mRNA platform	Tumor		ARC01 (A002)	HPV-16 positive solid tumors			● ⬢				

● Mainland China ⬢ Overseas

Corporate Profile

MAJOR EVENTS

As of this report, the Group's major product development and corporate development are as follows:

MARCH

- GPN01020, a Category 1.1 innovative traditional Chinese medicine for the prophylactic treatment of migraine, has submitted a Phase II clinical study application to the NMPA and received approval.
- GPN01768 (TP-03, Lotilaner Ophthalmic Solution, 0.25%), a global innovative ophthalmic drug for the treatment of Demodex blepharitis, received marketing approval from the NMPA. Notably, the approval was granted without any request for supplementary information during the review process, achieving a "zero deficiency" approval.

JANUARY

- TLX591-CDx, a global innovative RDC drug for the diagnosis of prostate cancer, has submitted an NDA to the NMPA and the application has been accepted.

DECEMBER

- Neffy® (Adrenaline Nasal Spray), for the treatment of severe allergic reactions, received marketing approval from the NMPA.
- The Phase III clinical study conducted in China for TLX591-CDx, a global innovative RDC drug for the diagnosis of prostate cancer, has achieved positive topline results and successfully met its primary clinical endpoint.
- The self-developed global innovative blockbuster RDC product GPN01530 submitted a Phase I/II clinical study application to the FDA for the diagnosis of solid tumors and received approval, providing an important paradigm for the international development of the Group's radiopharmaceutical pipeline.
- The Phase II clinical study conducted in China for GPN01360, a Category 1.1 innovative traditional Chinese medicine for the treatment of depression, successfully achieved its clinical endpoint.

NOVEMBER

- Ryaltris® Compound Nasal Spray, a global innovative product for the treatment of allergic rhinitis, received marketing approval in China. The approval was granted without any request for supplementary information during the review process, achieving a "zero deficiency" approval.

OCTOBER

- The Phase IIa clinical study conducted in China for GPN00884, a global innovative ophthalmic drug for delaying the progression of myopia in children, has completed the first patient enrollment.
- The registrational clinical study conducted in China for the global innovative temperature-sensitive embolic agent product GPN00289 for transarterial chemoembolization of primary liver cancer has completed the enrollment of all patients.

SEPTEMBER

- A new specification (20ml:50mg) of treprostinil injection, a product for the treatment of pulmonary arterial hypertension, has received a drug registration certificate from the NMPA.
- The global innovative radiotherapeutic product SIR-Spheres® Yttrium-90 microsphere injection has obtained CE Mark certification for a new indication in Europe, expanding the applicable scope of this therapy from the original indications of unresectable HCC and unresectable mCRC to include multiple indications such as unresectable ICC, mNET, or other liver metastases.

Corporate Profile

JULY

- TLX591, a global innovative RDC drug for the treatment of prostate cancer, submitted an application to the NMPA to join an international multi-center Phase III clinical trial and received approval.
- OC-01, the world's first innovative product for the treatment of dry eye disease, completed its first batch of commercial prescriptions following its official approval in mainland China.
- The global innovative radiotherapeutic product SIR-Spheres® Yttrium-90 microsphere injection received early formal FDA approval for a new indication for the treatment of unresectable hepatocellular carcinoma, based on breakthrough interim results from the DOORwaY90 clinical trial.

JUNE

- The international multi-center Phase III clinical study conducted in China for CBT-001 (GPN00153), an innovative improved new drug for the treatment of pterygium, has completed the enrollment and dosing of all patients.

MAY

- GPN01768 (TP-03, Lotilaner Ophthalmic Solution, 0.25%), a global innovative ophthalmic drug for the treatment of Demodex blepharitis, received marketing approval from the ISAF of the Macao Special Administrative Region of the PRC.
- The Group's world-leading radiopharmaceutical R&D and production base located in Wenjiang District, Chengdu, received a Class A Radiation Safety License issued by the Ministry of Ecology and Environment of the People's Republic of China.
- The Phase III clinical study conducted in China for TLX591-CDx, a global innovative RDC drug for the diagnosis of prostate cancer, has completed the enrollment and dosing of all patients.
- TLX591, a global innovative RDC drug for the treatment of prostate cancer, submitted an application to the NMPA to join an international multi-center Phase III clinical trial and the application has been accepted.
- The Phase II clinical study conducted in China for STC3141, a global innovative drug for the treatment of sepsis, has successfully reached its clinical endpoint.

APRIL

- The early detection product for urological tumors, UI-SEEK®, achieved its first commercial prescription in mainland China, marking the formal entry into clinical application of the only approved early detection product for urothelial carcinoma in mainland China utilizing a dual mechanism of methylation and gene mutation.
- Fluticasone propionate nasal spray, for the treatment of allergic rhinitis, received a drug registration certificate from the NMPA. This product is the first generic drug to be commercialized in China and has been included in the National Medical Insurance Catalogue and the National Essential Medicines List.
- The innovative RDC drug GPN02006 achieved breakthrough clinical results in an investigator-initiated clinical study (IIT clinical study) conducted in China for the diagnosis of HCC.

MARCH

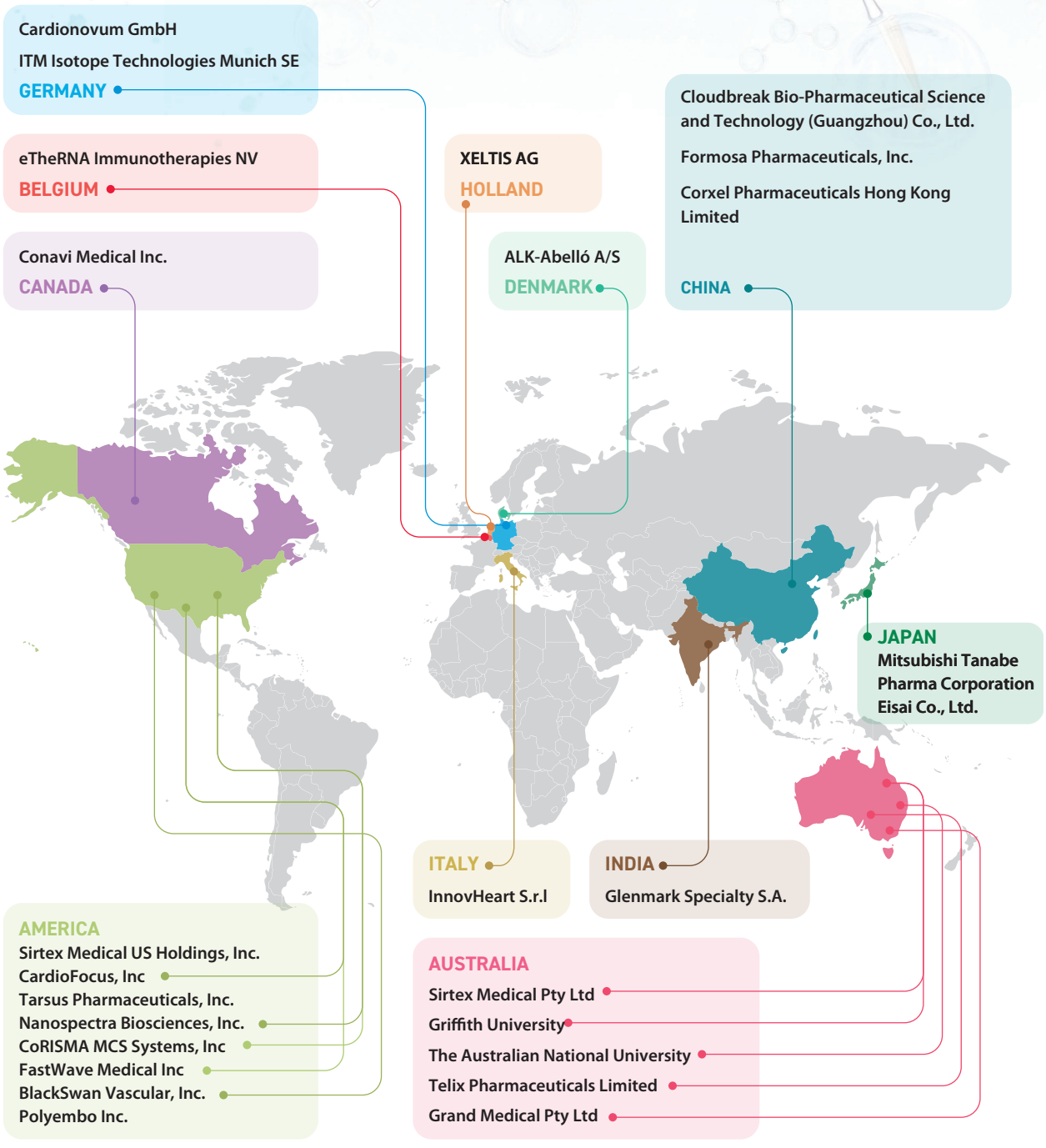
- The Phase III clinical study (COMPOSE study) conducted in China for the innovative RDC drug ITM-11 for the treatment of well-differentiated, aggressive Grade 2 and Grade 3, SSTR+ GEP-NETs has completed the first patient enrollment and dosing.

JANUARY

- The registrational clinical study conducted in China for the global innovative temperature-sensitive embolic agent product GPN00289 for transarterial chemoembolization of primary liver cancer has completed the first patient enrollment.

Corporate Profile

THE GLOBAL LAYOUT OF THE GROUP



Corporate Profile

SUBSIDIARIES

The Group's principal subsidiaries are as follows:

Company name and percentage of equity interest	Positioning and functions
Grand Pharma (China) Co., Ltd. 99.84%	Research and development, manufacture and sales of pharmaceutical products
Wuhan Wuyao Pharmaceutical Co., Ltd. 99.18%	Manufacture of pharmaceutical raw materials
Wuhan Grand Hoyo Co., Ltd. 97.67%	Research and development, manufacture and sales of amino acid series products
Hubei Grand Life Science & Technology Co., Ltd. 97.43%	Research and development, manufacture and sales of taurine products
Hubei Grand Biotechnology Co., Ltd. 65.04%	Research and development, manufacture and sales of amino acid series products
Hubei Grand Fuchi Pharmaceutical & Chemicals Co., Ltd. 89.60%	Research and development, manufacture and sales of agrochemicals, fine chemicals and chemical medicine
Hubei Grand EBE Pharmaceutical Company Limited 99.84%	Manufacture and sales of ophthalmic pharmaceutical products
Wuhan Kernel Bio-tech Co., Ltd. 91.56%	Research and development, manufacture and sales of bio-technology products series
Grand Pharmaceutical (Xiantao) Pharmaceutical Co., Ltd. 99.84%	Manufacture and sales of pharmaceutical products
Grand Pharmaceutical Huangshi Feiyun Pharmaceutical Co., Ltd. 59.90%	Research and development, manufacture and sales of pharmaceutical products
Wuhan Grandpharma Group Sales Co., Ltd. 99.84%	Sales of pharmaceutical products
Beijing Huajin Pharmaceutical Co., Ltd. 71.88%	Research and development, manufacture and sales of pharmaceutical products
Beijing Grand Johamu Pharmaceutical Co., Ltd. 96.84%	Research and development, manufacture and sales of pharmaceutical products
Tianjin Jingming New Technology Development Co., Ltd. 73.18%	Research and development, manufacture and sales of pharmaceutical products
Zhu Hai Cardionovum Medical Device Co. Ltd. 77.98%	Sales of medical devices
Grand Beilin (Xi'an) Pharmaceutical Co., Ltd. 99.84%	Research and development, manufacture and sales of pharmaceutical products
Grand Pharmaceutical Technology (Wuhan) Co., Ltd. 99.84%	Research and development
Grand Medical Pty Ltd 100%	Research and development
Yuanda Bafeng (Hubei) Pharmaceutical Co., Ltd. 99.84%	Research and development, manufacture and sales of pharmaceutical products
Nanjing AuroRNA Biotech Co., Ltd. 74.88%	Research and development
BlackSwan Vascular, Inc. 87.5%	Research and development, manufacture and sales of pharmaceutical products
Chongqing Duoputai Pharmaceutical Technology Co., Ltd. 89.86%	Research and development, manufacture and sales of pharmaceutical products
Grand Johamu (Jiangxi) Pharmaceutical Co., Ltd. 96.84%	Research and development, manufacture and sales of pharmaceutical products
Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd. 96.84%	Research and development, manufacture and sales of pharmaceutical products
Grand Pharmaceutical (Tianjin) Co., Ltd. 99.84%	Research and development, manufacture and sales of pharmaceutical products

Corporate Profile

Company name and percentage of equity interest	Positioning and functions
Nanjing Kainite Medical Technology Co., Ltd. 59.81%	Development of neurological intervention
Grand Beilin (Qinghai) Pharmaceutical Co., Ltd. 79.87%	Manufacture and sales of pharmaceutical products
Grand Wuyao (Jiangsu) Pharmaceutical Co., Ltd. 78.35%	Manufacture and sales of APIs
Grand Pharmaceutical (Beijing) Co., Ltd. 99.84%	Research and development, manufacture and sales of pharmaceutical products

The principal associates of the Group are as follows:

Company name and percentage of equity interest	Positioning and functions
Sirtex Medical Pty Ltd 57.98%	Research and development, manufacture and sales of pharmaceutical product
Shanghai Xudong Haipu Pharmaceutical Co., Ltd. 55.00%	Research and development, manufacture and sales of pharmaceutical product
Cardionovum GmbH 33.33%	Research and development, manufacture and sales of devices

Corporate Profile

DEFINITIONS

During the period under review, unless the context otherwise requires, the following terms shall have the meanings set out below:

"APERTO® OTW"	Paclitaxel Releasing Hemodialysis Shunt Balloon Dilatation Catheter
"ARDS"	Acute Respiratory Distress Syndrome
"CAFs"	Cancer associated fibroblasts
"CBT-001"	GPN00153
"ccRCC"	Clear cell renal cell carcinoma
"COVID-19"	2019 novel coronavirus disease
"EMA"	European Medicines Agency
"FAP"	Fibroblast activating protein
"FDA"	United States Food and Drug Administration
"GABA-C1"	Gamma-aminobutyric acid-gated chloride channels
"GEP-NETs"	Gastroenteropancreatic neuroendocrine tumors
"GPC-3"	Phosphoinositide glycoprotein 3
"Grand Pharma Sphere"	Grand Pharma Sphere Pte Limited
"HCC"	Hepatocellular carcinoma
"HPV-16"	Human papillomavirus type 16
"ICC"	Intrahepatic cholangiocarcinoma
"ICS"	Inhaled Glucocorticoid
"IIT clinical study"	Investigator-initiated clinical study
"IND"	Investigational New Drug Application
"IVUS"	Intravascular ultrasound
"LABA"	Long-acting β 2 agonist
"LAMA"	Long-acting muscarinic antagonist
"LNP"	Liposomal nanoparticles

Corporate Profile

"MR"	Mineralocorticoid receptor
"MRA"	Mineralocorticoid receptor antagonist
"mCRC"	Colorectal cancer liver metastases
"mNET"	Liver metastases caused by neuroendocrine tumors
"mRNA"	messenger RNA
"NDA"	New drug application
"NMPA"	National Medical Products Administration
"OC-01"	Varenicline Tartrate Nasal Spray
"OCT"	Optical coherence tomography
"PPV"	Overall positive predictive value
"PSA"	Prostate specific antigen
"RDC"	Radionuclide-drug conjugate
"RESTORE DEB®"	Paclitaxel Releasing Coronary Balloon Dilatation Catheter
"SIRT"	Selective internal radiation therapy
"Sirtex"	Sirtex Medical Pty Ltd
"SSTR+"	Somatostatin receptor-positive
"Tarsus"	Tarsus Pharmaceuticals, Inc.
"Telix"	Telix Pharmaceuticals Limited
"TP-03"	GPN01768 (lotilaner ophthalmic solution 0.25%)
"AuroRNA Biotech"	Nanjing AuroRNA Biotech Co., Ltd.
"ISAF"	The Pharmaceutical Administration Bureau of the Macao Special Administrative Region Government
"Baoding Jiahe"	Baoding Jiahe Fine Chemical Co., Ltd.
"Greater Bay Area"	The Guangdong-Hong Kong-Macao Greater Bay Area

Corporate Profile

"Hubei Grand"	Hubei Grand Fuyuan Life Technology Co., Ltd.
"Nanjing Fund"	Nanjing Chuangyi Dongyin Equity Investment Partnership
"Nanjing Kainite"	Nanjing Kainite Medical Technology Co., Ltd.
"Grand Beilin (Qinghai)"	Grand Beilin (Qinghai) Pharmaceutical Co., Ltd. (formerly known as Qinghai Yixin Pharmaceutical Co., Ltd.)
"Shanghai Hongsheng"	Shanghai Hongsheng Enterprise Management Partnership
"WMU"	WenZhou Medical University
"Grand Beilin (Xi'an)"	Grand Beilin (Xi'an) Pharmaceutical Co., Ltd. (formerly known as Xi'an Beilin Pharmaceutical Co., Ltd.)
"Xudong Haipu"	Shanghai Xudong Haipu Pharmaceutical Company Limited
"Pediatrix Therapeutics"	Pediatrix Therapeutics Technology (Shanghai) Co. Ltd.
"Neffy®"	Adrenaline nasal spray Neffy®
"Yuanda Jiufu"	Hebei Yuanda Jiufu Biotechnology Co., Ltd.
"Grand Pharm (China)"	Grand Pharma (China) Co., Ltd., a company incorporated in the PRC, being a subsidiary of the Company owned as to 99.84%

Financial Summary

RESULTS

	Year ended 31 December				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**12,283,271**	11,644,892	10,529,590	9,562,285	8,597,975
Profit before tax	**1,494,081**	2,852,363	2,344,197	2,516,893	2,785,832
Income tax	**(249,778)**	(386,304)	(448,755)	(418,642)	(380,800)
Profit for the year	**1,244,303**	2,466,059	1,895,442	2,098,251	2,405,032

ASSETS AND LIABILITIES

	Year ended 31 December				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**27,166,804**	24,991,165	22,515,326	22,371,061	21,057,030
Total liabilities	**(9,987,119)**	(8,465,827)	(7,244,810)	(8,162,401)	(7,614,168)
Net assets	**17,179,685**	16,525,338	15,270,516	14,208,660	13,442,862

Management Discussion and Analysis

GROUP POSITIONING

The Group is an international pharmaceutical company of technological innovation. Its core businesses cover three major areas, namely nuclear medicine anti-tumor diagnosis and treatment and cerebrocardiovascular precision interventional diagnosis and treatment technology, pharmaceutical technology and biotechnology. Based on the pharmaceutical and biological industries, the Group focuses on the needs of patients, and takes technological innovation as the driving force. In response to the unmet clinical needs, the Group will increase its investment in global innovative products and advanced technologies, enrich and improve its product pipelines, consolidate and strengthen its industrial chain layout, and fully leverage the Group's industrial strengths and R&D capabilities to provide more advanced and diverse treatment solutions to patients worldwide.

With unremitting efforts in recent years, the Group has laid a more solid foundation for development, consolidated its operation scale, gradually optimized its business structure, continued to improve its operation mode, accelerated its pace of transformation and upgrading, and made various achievements in innovative layout. The Group's profitability continues to improve and help facilitate R&D and innovation; its good ability in mergers and acquisitions and integration continues to consolidate the scale of development; the integration of raw materials and preparations improves the structure of the industrial chain; and the diversification of business and entities has effectively enhanced the comprehensive advantages.

"Maintain stable growth, strive in innovation and strategic planning", the Group will stick with the development concept of "comprehensive strengths, innovation leading and global expansion" and the strategy of "dual-wheel driving development of independent R&D, global expansion and dual-cycle operation". The Group has formed a new pattern of domestic and international cycles that synergize with each other, and is committed to becoming an international pharmaceutical company of technological innovation, delivering on its promises for doctors and patients, and making significant contribution to the society.

BUSINESS REVIEW AND PROSPECTS

During 2025 up to the date of this report, the Group had a total of 65 significant milestones, including 32 innovative products, 20 generic products, 6 API products; 3 investment projects for industry layout; and 4 major construction projects. Meanwhile, the Group's nuclear medicine anti-tumor segment's Yttrium-90 microsphere injections and liquid embolic agent Lava™, the respiratory and critical and severe diseases segment's Enerzair® Breezhaler®, Atectura® Breezhaler® and Budesonide Nasal Spray, and the cerebro-cardiovascular emergency segment's Nengqilang® Coenzyme Q10 Tablets have entered a rapid volume growth phase, successfully contributing to the update and iteration of the Group's product portfolio and becoming a new driving force for the Group's steady performance growth.

Management Discussion and Analysis

Innovative products

Nuclear medicine anti-tumor diagnosis and treatment:

- The early detection product for urinary system tumors, UI-SEEK® achieves its first commercial prescription in Mainland China. It marks that the only urothelial carcinoma early detection product with dual mechanism of methylation + gene mutation currently approved for commercialized in China has officially entered clinical application;
- Based on the breakthrough interim data from the DOORwaY90 clinical trial, the globally innovative radioactive product SIR-Spheres® Y-90 resin microsphere injection, has received approval from the United States Food and Drug Administration ("**FDA**") ahead the schedule, for a new indication for the treatment of unresectable hepatocellular carcinoma ("**HCC**"). At the same time, it has obtained CE certification in Europe, which expands the scope of application of this treatment from unresectable hepatocellular carcinoma ("**HCC**")and unresectable colorectal cancer liver metastases ("**mCRC**") ，to multiple indications, including unresectable intrahepatic cholangiocarcinoma ("**ICC**"), liver metastases caused by neuroendocrine tumors ("**mNET**") or other liver metastases;
- The global innovative radiopharmaceutical TLX591-CDx for the diagnosis of prostate cancer has successfully achieved the clinical endpoint in its Phase III clinical study in China. The New Drug Application (NDA) for this product has officially submitted an application and was accepted by the National Medical Products Administration of the People's Republic of China ("**NMPA**");
- The global innovative temperature-sensitive embolization agent GPN00289 completed all patient enrollment in its registrational clinical study in China;
- The Phase III clinical trial ("**COMPOSE study**") of the innovative radiopharmaceutical ITM-11 for the treatment of well-differentiated, invasive Grade 2 and 3 gastroenteropancreatic neuroendocrine tumors ("**GEP-NETs**") that are somatostatin receptor-positive (SSTR+) has completed the first patient enrollment and administration in China;
- The globally innovative radiopharmaceutical TLX591 for the treatment of prostate cancer, submitted an application to the National Medical Products Administration of the People's Republic of China ("**NMPA**") to join an international multi-center Phase III clinical trial and received approval;
- The global innovative radiopharmaceutical YiGanTai® Yttrium-90 microsphere injection has received approval from NMPA for a Phase II clinical trial for the treatment of hepatocellular carcinoma (HCC) and has completed the first patient enrollment and administration;
- The independently developed, blockbuster, globally innovative radionuclide-drug conjugate GPN01530, has submitted application to conduct a Phase I/II clinical study for the diagnosis of solid tumors, and has been approved by FDA;
- The innovative radiopharmaceutical GPN02006 has achieved breakthrough clinical results in a investigator-initiated clinical study (IIT clinical study) conducted in China for the diagnosis of hepatocellular carcinoma (HCC).

Management Discussion and Analysis

Respiratory and critical and severe disease:

- Globally innovative combination product Ryaltris® Compound Nasal Spray for treatment of allergic rhinitis, has approved to be commercialized in China;
- The globally innovative drug STC3141 for the treatment of sepsis has successfully reached the clinical endpoint in its Phase II clinical trial in China;
- The innovative drug GPN00204 for the treatment of respiratory diseases has completed the first patient enrollment and administration in its Phase I clinical trial in China;
- Innovative medicine for treating respiratory diseases GPN00187 has completed phase I clinical study conducted in China and achieved the clinical endpoint;

ENT:

- The globally pioneering innovative product tartaric acid varenicline nasal spray ("**OC-01**") for the treatment of dry eye syndrome has completed the first batch of commercial prescriptions following its formal approval in mainland China;
- TP-03, a globally innovative ophthalmic drug for the treatment of demodicosis blepharitis, has been approved for commercialization by the ISAF and NMPA;
- The innovative ophthalmic device GPN00646 has been approved for commercialization by the NMPA;
- The innovative improved new drug CBT-001 for the treatment of pterygium has completed patient enrollment in the international multi-center Phase III clinical trial conducted in China;
- The Phrase II clinical trial in China of class 1.1 innovative traditional Chinese medicine GPN1360 successfully reaches the clinical endpoint;
- Phase IIa clinical study conducted of the global innovative ophthalmic drug GPN00884 used to delay the progression of myopia in children, has completed the first patient enrollment, after the completion of phase I clinical trial in China;
- An application of class 1.1 innovative traditional Chinese medicine GPN01020 for Phase II clinical trials was submitted to the NMPA and was approved.

Cardiovascular emergency care:

- Neffy®, adrenaline nasal spray for severe allergic reactions was approved for commercialization by NMPA.

Generic products

There were 20 products that have been approved for marketing by the NMPA.

API products

There were 6 API products approved for commercialization by the NMPA.

Management Discussion and Analysis

Industry layout

In the field of precision intervention for cardiovascular diseases, the Group has completed the acquisition of a 30.64% equity stake in Nanjing Kainite Medical Technology Co., Ltd. ("**Nanjing Kainite**") and completed the equity change registration. As a result, the Group now holds a 59.91% equity stake in Nanjing Kainite, which has become a non-wholly owned subsidiary of the Group. Nanjing Kainite serves as a critical component in the Group's integrated platform for the independent R&D, production, and sales of high-end medical devices. It undertakes core tasks such as innovative R&D, product iteration, domestic production, and market promotion for the Group's non-powered medical device products. This acquisition will help the Group achieve its strategic plan of "integrated treatment for cardiovascular and cerebrovascular diseases" in the cardiovascular and cerebrovascular precision intervention diagnostics and treatment segment, while also injecting new momentum into the segment's performance growth.

In the field of ENT, the Group has completed the acquisition of an 80% equity stake in Grand Beilin (Qinghai) Pharmaceutical Co., Ltd. (formerly known as Qinghai Yixin Pharmaceutical Co., Ltd.), ("**Grand Beilin (Qinghai)**") and obtained exclusive product rights for multiple traditional Chinese medicine formulations, including Dan Zhen Headache Capsules and Li Shu Kang Capsules. Grand Beilin (Qinghai) has become a non-wholly owned subsidiary of the Group. Through this acquisition, the Group will conduct a comprehensive integration of Grand Beilin (Qinghai). The products of both parties have strong synergistic effects, enabling a strong alliance of resources, enriching the Group's product pipeline, further consolidating and enhancing the Group's comprehensive market competitiveness in the field of traditional Chinese medicine for chronic disease treatment, and providing a driving force for the Group's sustained performance growth.

In the field of biotechnology, the Group has completed the acquisition of the entire equity interest in Hebei Jiufu Biotechnology Co., Ltd and Baoding Jiahe Fine Chemical Co., Ltd. This transaction will comprehensively empower the development of the Group's biotechnology segment across the entire industrial chain, from upstream to downstream. By leveraging the Target Company's mature biomanufacturing technology, the upstream division will integrate deeply with the Group's eight synthetic biology technology platforms to solidify technological barriers. At the same time, its stable supply of raw material will secure upstream provision, optimize the cost, and enhance industrial chain security; Midstream, the Target Companies specialized product pipeline – will enrich the Group's product matrix, consolidate the high-quality amino acid portfolio, supporting the strategy of diversifying development; Downstream, integrate the Target Companies' established customer base and the Group's global biotechnology sales network, this will accelerate market penetration for the health-focused end products. The Transaction will comprehensively strengthen the Group's integrated industrial chain layout in the biotechnology sector, enhance core competitiveness and global market influence, and lay a solid foundation for implementing the diversification strategy in biotechnology.

Additionally, the Group has made significant progress in its research and development and the construction of production bases.

Management Discussion and Analysis

R&D and Production bases:

Grand Pharmaceutical's Radiopharmaceutical R&D and Production Base(遠大醫藥放射性藥物研發及生產基地), located in Wenjiang District, Chengdu, Sichuan Province, China, was completed and accepted in April 2025, obtained a Class A Radiation Safety Licence issued by the Ministry of Ecology and Environment in May, and officially commenced operations at the end of June. This facility is the world's first fully integrated closed-loop nuclear medicine supply chain platform, covering the entire value chain from "isotope production – nuclear medicine R&D – manufacturing – clinical trials – commercialization". It has established end-to-end management capabilities spanning the entire lifecycle from early-stage R&D to clinical translation to commercialization, with R&D efficiency leading globally. It addresses the 'bottleneck' challenges in nuclear medicine, achieving 100% domestic production to break free from reliance on imports. Fourteen high-standard GMP production lines meet the demand for multi-product, large-scale production. Established a fully intelligent management system, featuring nuclear-grade safety and unmanned intelligent manufacturing, achieving "zero radiation leakage", "zero pollution discharge", and "zero occupational exposure exceeding standards", meeting the standards of the world's top nuclear facilities. We have established a world-class research, production, quality, and operational system, making it one of the most comprehensive and highly automated intelligent factories in the world in terms of isotope variety and automation levels. This R&D and production base will further solidify the foundation of the Group's nuclear pharmaceutical industry, accelerate the implementation of global innovative R&D pipelines, drive the Group's high-quality development in the nuclear pharmaceutical sector, cultivate high-value blockbuster products, and lay a solid foundation for the domestic production of the Group's radioactive drugs.

The Construction Project (Phase I) of Yongsheng Preparation Factory of Grand Pharmaceutical(遠大醫藥永晟製劑工廠建設項目(一期)), located in Yangxin County, Huangshi City, Hubei Province, China, has successfully entered the final inspection phase. This production facility has been designed and constructed in accordance with the world's leading pharmaceutical quality management standards. Once completed and operational, it will further expand the Group's overall production capacity in pharmaceutical technology, optimize production layouts, provide manufacturing support for the implementation of future high-end formulation projects, and strengthen the Group's industrial chain for high-end formulation manufacturing. At the same time, the facility will serve as the core vehicle for the Group's internationalization strategy in the pharmaceutical technology sector. It will comprehensively advance certification efforts for the U.S. FDA and EU GMP systems, fully align with leading international pharmaceutical production and quality control standards, and establish a specialized, standardized production system that meets the market access requirements of major global markets. Leveraging the facility's high-standard production capabilities and international compliance framework, the various high-end pharmaceutical products manufactured at the facility will gradually gain access to major global pharmaceutical markets, including North America and the EU, facilitating product globalization and expanding the Group's global footprint. This will further enhance the Group's international competitiveness and brand influence in the pharmaceutical technology sector, enabling the Group to actively participate in the global division of labor within the pharmaceutical industry and achieve high-quality development driven by both domestic and international markets.

The civil engineering works for the construction project of the large-scale health and nutrition products production base located in Huangshi City, Hubei Province, China, have entered trial production and commissioning phase. By adopting a green circular economy model and an intelligent production system, the project aims to establish a high-end health and nutrition products production line compliant with international standards, with the goal of creating an intelligent demonstration factory recognised by domestic and international clients through audits. Upon completion, the base will serve as the core production facility for the Group's amino acid division's high-end health and nutrition products, continuously expanding the product pipeline of the amino acid division and creating synergies with existing products to enhance the division's growth momentum and risk-resilience. This will further solidify the Group's industry leadership in the health and nutrition sector and provide strategic support for the Group's sustainable development in the biotechnology field.

The second phase of the amino acid production base in Xiantao City, Hubei Province, China, has entered the trial production and commissioning phase. After the production base is completed, it will further expand the production capacity of a number of high-quality amino acid varieties of the Group and provide sustainable momentum for the Group's amino acid segment to grow profitably in the future.

Management Discussion and Analysis

BUSINESS INTRODUCTION

The Group has strong technological innovation strength, outstanding internationalization strength, solid industrial foundation, complete industrial chain and significant comprehensive advantages in the integration of raw materials and preparations. The Group has more than 130 products included in the National Essential Drug List (2018 version) (「國家基本藥物目錄」(2018年版)) and more than 260 products included in the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2025 version) (「國家基本醫療保險、工傷保險和生育保險藥品目錄(2025年版)」).

Nuclear Medicine Anti-tumor Diagnosis and Treatment as well as Cerebro-cardiovascular Precision Interventional Diagnosis and Treatment Technology

By fully capitalizing "accurate and stable business development capabilities at home and abroad, the introduction and digestion of international leading technologies, excellent marketing and sales capabilities", the Group is aiming at the frontier areas of technological innovation and focusing on the layout of the "nuclear medicine anti-tumor diagnosis and treatment" and "cerebro-cardiovascular precision interventional diagnosis and treatment" segments. It has become a leading enterprise in nuclear medicine anti-tumor diagnosis and treatment in China, and a comprehensive cerebro-cardiovascular precision interventional diagnosis and treatment technology platform with international cutting-edge technologies.

Nuclear Medicine Anti-tumor Diagnosis and Treatment Segment

In the nuclear medicine anti-tumor diagnosis and treatment segment, the Group has achieved a comprehensive layout in the fields of R&D, production, distribution, and sales, with over 1,000 employees worldwide. The Group has established a global nuclear medicine industry chain layout based on its R&D centers in Boston and Chengdu, production facilities in Boston, Frankfurt, Singapore, and Chengdu, and a sales network covering over 50 countries and regions worldwide.

The Group has established a world-class tumor intervention technology platform and a RDC technology platform. The Group adheres to the treatment concept of integrated oncology diagnosis and treatment. Currently, the Group has 16 innovative products in the pipeline at the R&D registration stage, covering five radionuclides including ^{68}Ga, ^{177}Lu, ^{131}L, ^{90}Y, ^{89}Zr as well as seven cancers including liver cancer, prostate cancer and brain cancer. The early stages of R&D focused primarily on RDC drugs, with a product pipeline now comprising more than 10 products. In terms of product types, it covers two types of radionuclide drugs for diagnosis and therapy, providing patients with global leading anti-tumor solutions with multi-indication treatment options, multi-means and integrated diagnosis and treatment.

Management Discussion and Analysis

Global R&D efforts for innovative products within the segment are progressing smoothly. In China, YiGanTai® Yttrium-90 microsphere injection was successfully launched in January 2022 for the treatment of liver metastases from colorectal cancer, and in May 2025, it received approval from the NMPA to conduct a Phase II registrational clinical trial for the treatment of unresectable hepatocellular carcinoma (HCC); The global innovative temperature-sensitive embolization agent GPN00289 completed the enrollment of all patients in its registrational clinical study in October 2025. Overseas registration-wise, SIR-Spheres® Yttrium-90 microsphere injection was formally approved in the United States for a new indication, used to treat unresectable HCC; The Group's independently developed and globally innovative GPN01530, is a small molecule RDC drug that targets fibroblast activating protein ("**FAP**"). It has been approved by the FDA to conduct a Phase I/II clinical study for the diagnosis of solid tumors, which is the Group's first self-developed RDC product that receives FDA approval for clinical trials. The successful approval of the GPN01530 clinical trial provides an important paradigm for the international development of the Group's nuclear medicine product pipeline. At the same time, it fully demonstrates the Group's comprehensive strength in the construction of cutting-edge nuclear medicine technology platforms, international clinical development, and registration applications, etc. To date, the Group has five RDC drugs approved for clinical studies worldwide, with one of them having entered the NDA phase, and three having entered the Phase III clinical stage, including TLX591-CDx for diagnosing prostate cancer, TLX591 for treating prostate cancer, TLX250-CDx for diagnosing clear cell renal cell carcinoma, and ITM-11 for treating GEP-NETs; Additionally, the globally innovative diagnostic radiopharmaceutical targeting GPC-3 based on radionuclide-antibody conjugation technology GPN02006, which the investigator-initiated clinical study (IIT clinical study) conducted earlier in China, has achieved a milestone breakthrough. It has also granted an oral presentation at the 2025 Annual Meeting of the Society of Nuclear Medicine and Molecular Imaging (SNMMI). The product has great potential and is expected to become the world's first hepatocellular carcinoma (HCC) diagnostic RDC product targeting the GPC-3 target. In the future, the Group will continue to strengthen the R&D in and establishment of the nuclear medicine anti-tumor diagnosis and treatment segment, as well as enrich and improve the product pipeline and industrial layout, forming a nuclear medicine anti-tumor diagnosis and treatment product cluster with the core of YiGanTai® Yttrium-90 microsphere injections, which continuously consolidates the Group's global leading position in the field of nuclear medicine anti-tumor diagnosis and treatment.

Core products

YiGanTai® Yttrium-90 microsphere injections, the global innovative product:

The Group's global blockbuster innovative product, YiGanTai® Yttrium-90 microsphere injections, received marketing approval from the NMPA in January 2022 for the treatment of patients with unresectable colorectal cancer liver metastases who have failed standard therapy. In July 2025, based on the breakthrough interim results of the DOORwaY90 clinical trial, the FDA granted accelerated approval for the new indication of treating unresectable hepatocellular carcinoma (HCC). It is the first and currently the only FDA-approved selective internal radiation therapy ("**SIRT**") product for the dual indications of unresectable HCC and liver metastases from colorectal cancer. It has been used by more than 150,000 people in over 50 countries and regions around the world. It is also recommended by the treatment guidelines issued by different international authoritative organizations such as Barcelona Clinic Liver Cancer Guidelines (BCLC), National Comprehensive Cancer Network (NCCN), European Society for Medical Oncology (ESMO) Clinical Practice Guideline for diagnosis, treatment and follow-up of hepatocellular carcinoma (2025 edition), European Association for the Study of the Liver EASL Guideline on hepatocellular carcinoma (2025 Edition) European Association for the Study of the Liver (EASL), National Institute for Health and Care Excellence (NICE), etc. And it has been included in several authoritative clinical practice guidelines in China, including the "CSCO Guidelines for Diagnosis and Treatment of Primary Liver Cancer (2024 Edition)" (《CSCO原發性肝癌診療指南(2024版)》), Guidelines for Diagnosis and Comprehensive Treatment of Colorectal Cancer Liver Metastases (2025 Edition)" (《結直腸癌肝轉移診斷和綜合治療指南(2025版)》), "Clinical Practice Guidelines for Liver Cancer and Liver Transplantation in China (2021 Edition)" (《中國肝癌肝移植臨床實踐指南(2021版)》), etc.

Management Discussion and Analysis

In May 2022, YiGanTai® Yttrium-90 microsphere injections was officially commercialized in China. The treatment of liver malignancies in China has entered a new "Y-90 era". Since the official commercialization of YiGanTai®, over 90 hospitals have completed the nuclide transfer procedures, its official surgeries have been carried out in over 60 hospitals in 22 provinces and cities in China. In order to speed up the implementation and popularization of YiGanTai® microsphere injections precise interventional therapy in China, the Group, based on the surgeon supervision and training system approved by the Chinese NMPA and the U.S. FDA, concentrated global resources to provide comprehensive training to surgeons in China on patient screening knowledge, surgical operation skills, and prognosis assessment methods, helping doctors to master and accumulate clinical experience to ensure a wider, safe and effective applications of the product, and assisted domestic doctors in conducting multiple personalized practical trainings by well-known overseas clinical experts. At present, 9 surgery, treatment and training centers have been established. The Group has trained more than 1,200 doctors in 70 hospitals on the surgery theory or skills of YiGanTai®, more than 290 doctors have obtained the surgeon registration for YiGanTai®. Among which, 124 doctors have obtained the operation qualification of independent surgery through strict one-to-one training by international and domestic renowned experts, and 120 doctors have been qualified as assistants in surgical operation. Another 25 experts have obtained the qualification of training instructor, which will further accelerate the clinical popularization of YiGanTai® radioactive interventional operation.

Since its commercialization, YiGanTai® Yttrium-90 microsphere injection has been included in over 50 inclusive insurances such as Beijing Puhui Health Insurance（北京普惠健康保）, Shanghai Hu Hui Bao（上海滬惠保）, Wuhan Fuhankang（武漢福漢康）, Chongqing Yukuaibao（重慶渝快保）, Nanjing Ning Hui Bao（南京寧惠保）and 3 special medical insurances, which covers more than 24 provincial-level administrative regions and over 100 cities with a significant increase in the accessibility of such product to patients with liver cancer.

In 2025, researchers in mainland China published a wealth of high-value real-world data on Yigantai® Yttrium-90 Microspheres Injection: at the American Society of Clinical Oncology Gastrointestinal Cancers (ASCO GI) Symposium, the American Society of Clinical Oncology (ASCO) Annual Meeting, the European Society for Medical Oncology (ESMO Asia) Annual Meeting, the Asia-Pacific Primary Liver Cancer Experts Alliance (APPLE) Conference, the Annual Meeting of the Asia-Pacific Hepato-Pancreato-Biliary Association (A-PHPBA), the Annual Meeting of the Asian Oncology Society (AOS), and the Annual Meeting of the Asia-Pacific Association for the Study of the Liver (APASL), among other leading international academic conferences in the fields of oncology and hepatology, with a cumulative total of 27 poster presentations and 3 oral presentations. Concurrently, related research findings have been consistently published in internationally renowned journals. Among these, a study comparing Transcatheter Arterial Chemoembolization (TACE) in patients with high tumor burden was published in the International Journal of Surgery; a retrospective study systematically evaluating the dual effects of Yttrium-90 (Y-90) resin microspheres on tumor shrinkage and contralateral hepatic lobe hyperplasia was published in a recent retrospective study.

The above cover the treatment of liver cancer patients at all stages, for early-stage patients, it can undergo radioactive liver segment ablation; for intermediate-stage patients, helps downstaging to liver transplantation/hepatectomy，demonstrating potent tumor shrinkage effects even for tumors larger than 10 cm or 15 cm; for advanced patients, combination therapy with systemic treatment/, TACE, Hepatic Artery Infusion Chemotherapy (HAIC), etc. Compared to traditional treatments, which require longer treatment durations, this approach offers comprehensive care for patients with complex conditions. The "Chinese Protocol" for Yttrium-90 (Y-90) resin microsphere therapy is gaining increasing attention and recognition from the international academic community, thanks to its consecutive appearances at top-tier international academic conferences and in authoritative journals, as well as the presentation of its significant findings.

Management Discussion and Analysis

Lava™, a global innovative liquid embolic agent

Lava™ is the first innovative liquid embolic agent approved for the treatment of peripheral vascular arterial hemorrhage in the United States. Its radiopacity makes the product less prone to artifacts during the imaging process, thus giving a better imaging effect. Lava™ can be easily prepared in 2 minutes, while it takes about 20 minutes to prepare similar products, saving doctors' preparation time in emergency situations and increasing the probability of patient survival; the solid embolization upon conversion offers two viscosities which can be used flexibly for patients with different conditions. Lava™ can create synergies with radioisotopes brachytherapy and interventional therapies. The product was approved for commercialization in the United States in April 2023 and its formal commercialization commenced in October of the same year.

The early detection product for urothelial carcinoma, UI-SEEK®

This product employs a dual-target design combining methylation and gene mutations. According to data from a registrational clinical study involving over 1,000 cases, UI-SEEK® demonstrates a sensitivity of 92.5% and a specificity of 95.8%. The clinical results are excellent, and the test is non-invasive, unaffected by external factors such as haematuria or stones, thereby aiding in the early detection, diagnosis, treatment, and benefits for patients with urothelial carcinoma. The product has been approved for market launch by the NMPA and achieved its first commercial prescription in April 2025. It is currently the only approved product in China with a dual mechanism of methylation and gene mutation for early detection of urothelial carcinoma. Additionally, it is the only product recommended in authoritative guidelines such as CSCO Urothelial Carcinoma Diagnosis and Treatment Guidelines (2024 Edition) (《CSCO尿路上皮癌診療指南(2024版)》), the Expert Consensus on Early Detection and Treatment of Bladder Cancer (2024 Edition) (《膀胱癌早診早治專家共識(2024版)》), and the Technical Expert Consensus of the China Cancer Screening Center (《中國癌症篩查中心技術專家共識》). UI-SEEK® achieves precise, non-invasive early diagnosis of urothelial carcinoma patients with 'a single urine sample', demonstrating exceptional performance.

Innovative R&D pipeline

The products of the nuclear medicine anti-tumor diagnosis and treatment segment are mainly divided into two categories: interventional therapy and RDC.

Interventional therapy:

GPN00289, a global innovative temperature sensitive embolic agent:
GPN00289 is an NMPA innovative medical device approved temperature sensitive embolic material for the treatment of vascular–rich benign and malignant tumors. At room temperature, the gel has good flowability and is delivered to the vasculature of the diseased tissue through a microcatheter. The gel is then solidified in situ at body temperature from the peripheral vessels to the main donor vessel to achieve embolization of the diseased tissue. It is suitable for the embolization of various vascular-rich solid organ tumors, especially benign and moderate malignant tumors in the liver. The product completed the enrollment of all patients in the registration clinical study in October 2025. Currently, clinical study is progressing smoothly.

Kona™, a global innovative liquid embolic agent
The product, for the treatment of preoperative embolization of cerebral arteriovenous malformations, is developed with a transient radiopacity that diminishes over time, which can present clear post-operative organ visualization. In addition, with its drug loading potential, Kona™ can load other chemical or radiopharmaceuticals to develop new drug-device combination products, so as to provide more diversified treatment options for the treatment of other tumors or vascular diseases. Currently, an application for Premarket Approval (PMA) has been submitted to the FDA for Kona™.

Management Discussion and Analysis

AuroLase®, a global innovative solid tumor ablation therapy

AuroLase® is a global innovative therapeutic technology for prostate cancer tissue ablation that uses a new type of optically tunable nanoparticle, delivered intravenously and enriched in the tumor, to selectively absorb laser energy and convert light into heat, thereby precisely destroying the tumor and the blood vessels supplying it without severely damaging the surrounding healthy tissue. AuroLase® therapy can maximize treatment outcomes while minimizing the side effects associated with surgery, radiation and alternative focal therapies compared to surgery, radiation or traditional alternative focal therapies. Currently, an application for PMA has been submitted to the FDA for the product.

RDC drugs:

There are currently 10 product candidates under research, and a number of products have made important progress during the period.

TLX591/TLX591CDx, global innovative products for prostate cancer diagnosis and treatment:

TLX591 is a therapeutic RDC drug targeting prostate-specific membrane antigen (PSMA), and its early overseas clinical studies have shown positive treatment outcomes, with a median imaging progression-free survival (rPFS) of 8.8 months and a good safety profile. The product has undergone international multi-center Phase III clinical trials overseas, and in April 2025, an application to join the international multi-center Phase III clinical trials was submitted to the NMPA. The application was formally approved by the NMPA in July of the same year. TLX591-CDx is diagnostic RDC drugs targeting PSMA, which could form an integrated radiotherapy portfolio with TLX591 for prostate cancer. TLX591-CDx was approved for commercialization in Australia in November 2021 and in the United States in December of the same year. It was approved for commercialization in Canada in October 2022; in March 2023, it was approved in the United States for an expanded indication for screening prostate cancer patients eligible for PSMA-targeted radiopharmaceutical therapy, and in October 2024, it was successively approved for the expanded indication in Australia and Canada; In 2025, TLX591-CDx has been approved for commercialization in Austria, Belgium, Brazil, Cyprus, the Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Slovakia, Spain, Sweden, and the United Kingdom. The phase III study in China of TLX591-CDx has successfully achieved the clinical endpoint in December 2025. According to top-line clinical results, the overall positive predictive value ("**PPV**") was 94.8% for detection of tumors with TLX591-CDx (confidence intervals, CI: 85.9%-98.2%). The PPV was 100.0% in the prostate bed and in extra-pelvic soft tissue, lymph nodes, and organ metastases (non-bone); 94.7% in the pelvic region outside of the prostate bed, including lymph nodes; and 87.0% in bone metastases. At the same time, patients with suspected biochemical recurrence (BCR) were assigned to groups according to their baseline prostate specific antigen ("**PSA**") level in this trial. TLX591-CDx PET imaging demonstrated high PPV in all patient groups, including at very low PSA levels. This suggests that PET imaging detection of TLX591-CDx has very positive clinical significance for the early diagnosis of prostate cancer patients with suspected biochemical recurrence. In addition, more than two-thirds (67.2%) of patients experienced a change in their treatment plan following TLX591-CDx PET/CT or PET/MRI compared with the initial plan at baseline. This indicates that PET imaging with TLX591-CDx had a meaningful impact on clinical decision-making, potentially leading to improved treatment strategies for participants with BCR. At present, the New Drug Application (NDA) for TLX591-CDx has been officially accepted by the NMPA.

Management Discussion and Analysis

TLX250/TLX250CDx, global innovative products for the treatment of clear cell renal cell carcinoma:
TLX250 and TLX250-CDx form an integrated radiotherapy portfolio for clear cell renal cell carcinoma (ccRCC). TLX250-CDx was granted a breakthrough therapy by the FDA in July 2020, and the overseas phase III clinical study successfully met clinical endpoints in November 2022. According to the study results, for the patients with renal masses suggested by computerized tomography (CT) or magnetic resonance imaging (MRI) but unable to determine whether it is ccRCC, the sensitivity and specificity of positron emission tomography (PET) imaging with TLX250-CDx in the diagnosis of ccRCC reached 86% and 87% respectively, which far exceeded the preset threshold required by the FDA (both sensitivity and specificity higher than or equal to 70%). Its positive predictive value has reached 93%. For early ccRCC in stage T1a, which is currently difficult to diagnose (the tumor is confined to the kidney with the largest tumor diameter smaller than or equal to 4 cm), the sensitivity and specificity of TLX250-CDx diagnosis reached 85% and 89% respectively. These breakthrough clinical results demonstrate that TLX250-CDx is expected to provide a highly accurate and non-invasive diagnostic solution for ccRCC, and has the potential to become a new clinical diagnostic standard for ccRCC. Currently, the new drug application submitted by TLX250-CDx to the FDA has been accepted and entered into priority review. Moreover, clinical studies of TLX250-CDx on a number of extended indications such as CAIX-positive solid cancer, bladder and Urothelial carcinoma are progressing worldwide. In terms of registration in China, the product completed the first patient enrollment and dosing in Phase III clinical trials in November 2024. TLX250 is undergoing phase II clinical study overseas.

ITM-11/TOCscan®, a global innovative product for the treatment of gastroenteropancreatic neuroendocrine tumors ("**GEP-NETs**"):
ITM-11 and TOCscan® form an integrated radiotherapy portfolio for GEP-NETs. ITM-11 has received an orphan drug status from FDA and European Medicines Agency ("**EMA**"), and its Phase III clinical study (COMPETE) overseas has reached its primary clinical endpoint in January 2025. For the registration in China, the product was approved by the Chinese NMPA in April 2023 for use in the treatment of unresectable, progressive, SSTR+ GEP-NETs. In March 2024, it was approved by the NMPA to join an international multi-center Phase III clinical study (COMPOSE International Multi-center Study) targeting high-grade invasive Grade 2 and Grade 3, SSTR+ GEP-NETs, and the first patient was enrolled and dosed in March 2025; Additionally, the product received approval from the Chinese NMPA in December 2024 to initiate a Phase III bridging clinical trial for the treatment of well-differentiated Grade 1 or 2, SSTR+ GEP-NETs. The product is expected to achieve comprehensive coverage of all stages of GEP-NET disease progression. TOCscan® has been approved for commercialization in Germany, Austria and France in 2018.

TLX101, a global innovative product for glioblastoma treatment:
TLX101 is a RDC drug for the treatment of glioblastoma multiforme. It can pass through the blood-brain barrier entering the brain freely, and targets the overexpressed L-type amino acid transporter 1 (LAT–1) in glioblastoma to precisely irradiate cancer cells, and promote their apoptosis to achieve therapeutic effect. The product has been granted orphan drug designation by the FDA and is in Phase I/II clinical research stage overseas. In April 2023, the phase I clinical study of TLX101 to be conducted in China was approved by the NMPA.

ITM-41, a global innovative product for the treatment of bone metastasis in malignant tumors:
ITM-41 is a therapeutic RDC drug that targets bone metastasis in malignant tumors by conjugating no-carrier-added 177 Lu with zoledronic acid. The product can precisely target hydroxyapatite at the metastasis site, inhibiting bone metastasis from malignant tumors while minimizing radiation to normal tissues, greatly improving patient survival and potentially further reducing skeletal related events in patients with severe bone metastases. The product is currently in the pre-clinical research stage.

Management Discussion and Analysis

GPN01530, a global innovative solid tumors diagnostic product

GPN01530 is a small molecule RDC drug that targets fibroblast activating protein ("**FAP**"). FAP is one of the important markers of cancer-associated fibroblasts ("**CAFs**"), participating in processes such as extracellular matrix remodeling, regulation of tumor cell proliferation, and tumor immunosuppression, thus promoting tumor growth and invasion. It is a novel and specific target for tumor diagnosis and treatment. Studies have shown that FAP is not expressed or is expressed at low levels in normal tissues, but is highly expressed in 90% of epithelial tumor tissues and CAFs in various tumor microenvironments. GPN01530 optimizes the structure of the FAP ligand, improving its uptake in tumor tissues, while reducing its uptake in normal tissues. Preclinical studies have shown that this product, compared to other FAP-targeted ligands, exhibits rapid tumor targeting, higher tumor uptake, and superior pharmacokinetic properties. Furthermore, ongoing IIT human studies have demonstrated a favorable safety profile for GPN01530, rapid background clearance, strong and sustained lesion uptake, and superior clinical image contrast and accurate detection rate of positive lesions compared to 18F-FDG. Based on these preclinical and clinical results, this product significantly improves the diagnostic efficacy of FAP-targeted RDC drugs, and provide a brand-new tumor diagnosis solution for a large number of solid tumor patients. At present, the product has been approved by the FDA to conduct a Phase I/II clinical study for the diagnosis of solid tumors.

GPN02006, a global innovative hepatocellular carcinoma diagnostic product

GPN02006 is a globally innovative diagnostic radiopharmaceutical based on radiopharmaceutical-antibody conjugation technology, targeting phosphoinositide glycoprotein 3 ("**GPC-3**"). It exhibits high specificity and affinity for the GPC-3 target, with good safety profiles, making it suitable for precise diagnosis of hepatocellular carcinoma (HCC). Currently, drug development targeting the GPC-3 target is still in the early stages of research and development globally, with no drugs targeting this target yet available on the market. The investigator-initiated clinical study (IIT clinical study) of GPN02006 conducted in China achieved breakthrough progress in April 2025, and the clinical results were presented at the Chengdu 2025 Future XDC New Drug Conference and the North American Society of Nuclear Medicine and Molecular Imaging Annual Meeting. The clinical study data demonstrated that GPN02006 exhibits excellent safety and imaging efficacy: No drug-related adverse reactions were reported in any of the participants after administration, demonstrating excellent safety and tolerability; high-quality imaging can be achieved within 30 minutes after administration, fully meeting the clinical demand for rapid diagnosis of hepatocellular carcinoma. The drug has three significant advantages in terms of imaging quality: 1) extremely low background signal; 2) high specificity of uptake in HCC lesions; and 3) superior diagnostic contrast. Based on its unique molecular targeting mechanism, the drug can achieve: 1) early precise localization of HCC lesions; 2) dynamic assessment of treatment response; and 3) Early warning of recurrence and metastasis, providing robust molecular imaging evidence for clinicians to develop personalized treatment plans; Compared to current HCC diagnostic protocols, GPN02006 demonstrates superior diagnostic efficacy in detecting early-stage, small HCC lesions. This product has the potential to improve the current clinical challenges of low early diagnosis rates and difficulties in monitoring recurrence and metastasis in HCC patients. Currently, the clinical registration development of this product is being actively advanced.

Management Discussion and Analysis

Cerebro-cardiovascular Precision Interventional Diagnosis and Treatment Segment

The Group adheres to the treatment concept of "precision treatment" and conducts comprehensive layout in three directions, namely channel management, structural heart disease and heart failure, to build a high-end medical device product cluster. At present, the segment has reserved over 30 products, of which 25 products in channel management have been approved for commercialization in China. One product in the chronic disease management category has been approved for commercialization in China, and one product in the field of structural heart disease has been approved for commercialization in China. The Group's multi-polar renal artery radiofrequency ablation system, Platinum Wisdom Iberis™, developed in collaboration with Shanghai An Tong Medical Technology Co., Ltd.(上海安通醫療科技), was approved for commercialization by the NMPA in February 2025. The transcatheter mitral valve clip system NeoNova® and coronary artery shockwave system DEEPQUAKE-C™, developed in collaboration with Jiangsu Zhenyi Medical Technology Co., Ltd., were approved for market launch by the NMPA in February 2025 and June 2025, respectively. The intracranial aneurysm co-embolization stent, developed in collaboration with Jiangsu Ced Medical Technology Co., Ltd.(江蘇暢醫達醫療科技有限公司), received marketing approval from the NMPA in August 2025, while the varicose vein radiofrequency ablation system, developed in collaboration with Anhui Yingte Weiluo Medical Technology Co., Ltd.(安徽穎特微絡醫療科技有限公司), received marketing approval from the NMPA in October 2025.While other products are also being actively promoted for clinical registration in China in order to achieve the stage-by-stage commercialization for innovative products in the coming years, driving the business in this segment to achieve steady growth.

The Group has completed the comprehensive construction of the "active + passive" innovative device platform in this segment. Among them, the Active Equipment R&D and Production Base in Optics Valley, Wuhan and the Passive Equipment R&D and Production Base in Changzhou have been put into use. The Shanghai Device R&D Center, which focuses on the field of structural heart disease, has been put into use. At present, the Group has carried out technology cooperation with clinical centers or R&D platforms in the Unites States, Canada, Germany, Italy and Switzerland, and gradually started a new process of globalized R&D. The segment has over 300 employees and nearly 50 R&D team members, with over 75% of them holding master's degrees and doctoral degrees. With a comprehensive background in medicine, pharmacy, materials, machinery, electronics, etc., it helps to achieve stable and long– term development in R&D and innovation. The Group is committed to developing this segment into a leading "cerebro-cardiovascular precision interventional therapy platform" in China and worldwide.

Core Products

RESTORE DEB®, a coronary drug-coating balloon:
RESTORE DEB® is the first drug-coating balloon with the dual indications of original coronary artery disease mutation and stent restenosis in China. Its clinical research results were published in the important journal JACC (Journal of the American College of Cardiology) Cardiovascular Interventions in the field of cardiovascular disease. The unique SAFEPAX patented technology ensures a uniform and stable drug coating with a low shedding rate. Since its launch, it has been recognized by a large number of clinicians and patients and has a good market reputation, and its clinical status was also affirmed in the guidelines and expert consensus such as the "Guidelines for Treatment of Percutaneous Coronary Intervention"(中國經皮冠狀動脈介入治療指南)and the Chinese Expert Consensus on Clinical Application of Drug Coated Balloon(藥物塗層球囊臨床應用中國專家共識).

APERTO® OTW, a drug coated balloon for dialysis access:
APERTO® OTW is the first drug-coating balloon for the indication of arteriovenous fistula stenosis in dialysis patients. This product has the dual characteristics of high pressure resistance and drug coating. Compared with ordinary high pressure balloon, APERTO® OTW has a significant advantage in the passing rate of target lesions for six months after surgery, which will greatly contribute to the extension of the life time of fistula and the improvement of the quality of life of dialysis patients. Its clinical research results are published in "American Journal of Kidney Diseases", an important journal in the field of kidney disease treatment.

Management Discussion and Analysis

NOVASIGHT™, an intravascular dual mode imaging system, and its domestically produced product NOVASYNC™:
NOVASIGHT™ and NOVASYNC™ combine two imaging technologies, namely intravascular ultrasound ("**IVUS**") and optical coherence tomography ("**OCT**") and can simultaneously show the ultrasound and optical image with the same direction, axis and phase, which, on one hand, better provides doctors with histological and morphological information on intravascular plaque and vascular wall, facilitating doctors to provide patients with more accurate treatment options. On the other hand, it also reduces the diagnosis and treatment procedures for patients and reduces their medical burden. NOVASIGHT™ is the first intravascular ultrasound and optical dual mode imaging system approved by the FDA of the United States. It has been commercialized both in Canada and Japan. NOVASYNC™ is the domestically produced successor to NOVASIGHT™. It inherits excellent performance and high quality of NOVASIGHT™, achieves compatibility between domestic and imported products, and further reduces production costs, thereby benefiting more patients with coronary heart disease. These two products have a promising prospect in the field of coronary artery imaging and intracavitary interventional surgery.

Lu Ci®, the first domestically produced adjustable intracranial thrombectomy stent product:
Lu Ci® features a circular wire braided structure design, allowing manual adjustment to the ideal diameter outside the body to match the target vessel. During stent implantation, the entire process is visible and radiopaque, enabling surgeons to better adjust the stent based on the location and total length of the thrombus to better adapt to the occluded vessel, thereby achieving a higher vascular recanalization rate. The adjustable characteristics of Lu Ci enhance the stent's ability to engage with the thrombus, improving surgical efficacy, while also reducing vascular damage and enhancing surgical safety. Additionally, Lu Ci is fully radiopaque, facilitating precise manipulation by physicians. The commercialization of Lu Ci provides a new option for thrombus removal therapy in acute ischemic stroke.

Multi-polar renal artery radiofrequency ablation system Platinum Wisdom Iberis™
Utilizing advanced renal nerve ablation technology, the system delivers the ablation catheter precisely to the renal artery via minimally invasive intervention. Radiofrequency energy is then used to ablate the renal sympathetic nerves, effectively blocking the transmission of overly excited renal sympathetic nerve signals, thereby achieving stable blood pressure regulation. Iberis™ has demonstrated excellent clinical efficacy in the treatment of patients with uncontrolled primary hypertension. and related research findings have been published in full in the top-tier international cardiovascular academic journal Circulation (Impact Factor: 35.5), receiving high recognition from the international academic community. It is currently the only renal artery denervation ablation (RDN) product globally that has obtained EU CE certification and features a dual-access design via the radial and femoral arteries.

Domestic coronary and peripheral shockwave systems DEEPQUAKE-C™ and DEEPQUAKE™
By releasing non-focused pulsed acoustic pressure waves to the affected area during low-pressure balloon expansion, DEEPQUAKE-C™ effectively and safely destroys both superficial and deep calcified plaques in the vascular wall. It is indicated for the treatment of adult coronary artery calcification lesions with coronary artery stenosis ≥50% prior to stent implantation. DEEPQUAKE™ is indicated for the treatment of calcified lesions in the iliac artery, femoral artery, iliofemoral artery, popliteal artery, renal artery, and below-the-knee artery in adult patients with vascular stenosis ≥50%. DEEPQUAKE-C™ and DEEPQUAKE™ feature a unique product design, both with high pulse energy and five-level adjustable energy settings, enabling more targeted fragmentation of stubborn calcified tissue; both have a greater number of electrode arrangements, ensuring more uniform energy distribution and enhancing treatment safety and efficacy; Additionally, DEEPQUAKE-C™ uses flexible integrated electrodes, with thinner and more flexible electrodes improving balloon passability. DEEPQUAKE™ offers higher energy, more electrodes, and longer specifications, enabling coverage of extensive diffuse calcification lesions. These two products are expected to provide patients with coronary and peripheral vascular calcification lesions with more diverse treatment options.

Management Discussion and Analysis

Domestic Transcatheter Mitral Valve Clip System NeoNova®
This product enables edge-to-edge mitral valve repair for patients with mitral regurgitation via an interventional approach, improving cardiac function, reducing surgical trauma, and shortening recovery time. The product is easy to operate and has good safety. It uses an elastic self-locking mechanism that allows the clamp arms to automatically adapt to the valve strength and lock automatically, ensuring stable clamping while maximizing the avoidance of the risk of valve tears during and after surgery; The 'I-shaped' clamp design allows flexible adaptation to complex scenarios such as chordal entanglement and transvalvular crossing at the commissure; it offers stable bending control with a smaller radius, reducing the surgical space required within the atrium and providing greater operational flexibility. This product is expected to offer a new treatment option for patients with mitral regurgitation.

First Domestically Produced Braided Intracranial Aneurysm Co-embolization Stent Blue Whale™
Suitable for intracranial aneurysms patients aged 18 and older. This device consists of a delivery system, and a nickel-titanium braided self-expanding stent. With its innovative structural and performance design, it overcomes the limitations of existing products, better adapts to complex anatomical structures, and meets diverse clinical needs. Utilizing a 16-strand nickel-titanium monofilament braiding process, it balances robust radial support with excellent flexibility and conformability. The V-shaped occlusion design at both the proximal and distal ends ensures secure anchoring within the vessel and prevents displacement; Leveraging unique winding and radiopaque technology, four radiopaque wires are uniformly wound around the stent. Four radiopaque markers at the proximal end, combined with V-shaped reinforcement at the distal end, ensure clear tracking throughout the procedure, providing the operator with precise visualization. In terms of manipulation and delivery, the stent offers excellent controllability and can be retrieved even after 80% deployment, enabling precise implantation. Stents with a diameter of 3 mm or less can be delivered and deployed via a 17-gauge microcatheter, significantly enhancing maneuverability and delivery performance; Compared to laser-cut stents, its metal coverage has been increased to 18%, enabling moderate blood flow diversion. The angiographic aneurysm occlusion rate exceeds 95%, optimizing treatment outcomes. This product is expected to offer a new treatment option for patients with intracranial aneurysms.

First Intravascular Radiofrequency Closure System with Integrated Infusion Capability Yinrong™
Indicated for the treatment of varicose veins of the great saphenous vein in the lower extremities (limited to superficial veins). With multiple innovative designs, it transforms the clinical treatment experience, delivering benefits to both patients and clinicians. Its pioneering integrated infusion and ablation solution allows for seamless switching between the two functions via a foot pedal, significantly reducing procedure time and effectively mitigating the potential risks associated with separate operations. In terms of treatment adaptability, Yinrong™ supports flexible switching between 3cm and 7cm catheter lengths, allowing a single catheter to cover both treatment needs and precisely match the personalized clinical scenarios of different patients. Additionally, the product features an innovative intelligent catheter detection function that comprehensively evaluates catheter electrical performance prior to the procedure, ensuring surgical safety. Furthermore, Yinrong™ is available in 12 different specifications and models, enabling it to effectively address complex clinical scenarios and market competition while covering a broader range of diagnostic and therapeutic needs and patient populations.

Management Discussion and Analysis

Innovative and R&D pipeline

aXess, a global innovative endogenous tissue repair product:
aXess is a global innovative endogenous tissue repair product for end-stage renal disease (ESRD) patients with arteriovenous graft (AVGs) for hemodialysis treatment. The product is expected to provide safer and more effective blood access for dialysis patients by providing a basic structural framework for autologous tissue repair of patients, accelerating the establishment of dialysis access, and reducing the incidence of thrombosis and related complications. aXess can further synergize with APERTO® OTW in the field of hemodialysis. The pivotal clinical trial for this product in the United States received Breakthrough Device designation from the FDA in November 2024, while the pivotal clinical trial conducted in Europe successfully met its clinical endpoints in October 2025 and submitted its CE mark application in November 2025. Specific results show that, compared to standard therapy, aXess achieved significant improvements across all key clinical metrics. Compared to other arteriovenous grafts, aXess demonstrated superior patency rates for both primary and secondary endpoints, with fewer interventions. Compared to autologous arteriovenous fistulas (AVFs), aXess had a lower reintervention rate and exhibited high resistance to infection; Regarding safety, among all 120 patients, only one case of (partial) graft removal related to puncture site infection occurred, indicating that aXess possesses extremely high resistance to infection; aXess enables near-immediate puncture, with a bleeding complication rate of less than 0.02% across more than 15,000 dialysis treatments. These data demonstrate that aXess possesses excellent safety and efficacy profiles, outperforming current standard therapies in all aspects. Regarding registration in China, the product is currently in the preclinical development stage.

Saturn, a global innovative mitral valve replacement system:
Saturn is a global innovative medical device for mitral valve replacement. The product is implanted in an interventional manner via a room septum to minimize surgical trauma and shorten post-operative recovery time, and innovatively combines annular reconstruction technology with valve replacement technology to enhance device adaptability and suitability for all common mitral valve structures. The product underwent a clinical study using the transcatheter approach in Europe in 2020 and completed patient enrollment in 2022. In May 2024, the first patient enrollment for clinical study using the femoral vein approach was completed in Europe. Meanwhile, the registration of the product in China is also under active progress.

CoRISMA, a global innovative ventricular assisted device:
CoRISMA is a fully implanted transcatheter ventricular assisted medical device for the treatment of class III and end-stage heart failure. By adopting the world's most advanced energy transmission technology for wireless power supply, it provides a minimally invasive, safe, power-line infection-free and complication-free treatment for patients with end-stage heart failure through minimally invasive surgery. Currently, the Group is working with an innovative medical device company incubated by Yale University on product development.

Management Discussion and Analysis

PHARMACEUTICAL TECHNOLOGY

With years of experience in the respiratory and critical and severe disease, ENT and cerebro-cardiovascular emergency fields, the Group currently has a number of products with high entry barrier and exclusive products with leading market shares, a strong brand name and a solid market position, and also reserves a number of innovative products.

Through an innovation model combining global technology cooperation and independent R&D, the Group has established the International R&D Center in Optics Valley, Wuhan, the Glycomics R&D Center in Australia and the mRNA R&D Center in Aoluo, Nanjing in the field of pharmaceutical technology. These R&D centers and technology platforms will continue to empower and provide continuous technological support for the Group's R&D and innovation in the field of pharmaceutical technology.

Respiratory and Critical and Severe Disease Segment

The Group's products on sale in the respiratory and critical and severe disease segment covers a wide range of indications such as rhinitis, bronchitis, pneumonia, asthma and chronic obstructive pulmonary disease, etc. The core products, Qie Nuo (Eucalyptol, Limonene and Pinene Enteric Soft Capsules), Compound Nasal Spray Ryaltris®, Enerzair® Breezhaler® and Atectura® Breezhaler® are exclusive products nationwide, which are in the leading position in their respective segments.

The innovative strategic plan in this field focuses on the unmet significant clinical needs, with a number of products under research, covering sepsis and Acute Respiratory Distress Syndrome ("**ARDS**") etc. In the future, the Group will continue to adopt the R&D concept of independent R&D and global expansion to create a full-cycle management product cluster for chronic airway diseases and a pipeline of products for critical and severe diseases, so as to continuously strengthen the Group's industry position in this field.

Respiratory products

The main products include Qie Nuo®, Enerzair®, Breezhaler® and Atectura®, Breezhaler®, new compound nasal spray Ryaltris®, Budesonide Nasal Spray etc.

Qie Nuo®:
It is a soluble and phlegm-free drug for viscosity, and is suitable for acute and chronic rhinosinusitis as well as respiratory diseases such as acute and chronic bronchitis, pneumonia, bronchial dilation, pulmonary abscess, chronic obstructive pulmonary disease, bacterial infection in the lungs, tuberculosis, and silica lungs. It can also be used for bronchoscopic angiography to facilitate the discharge of contrast medium. It is an exclusive product in China independently developed by the Group with two separate types of drugs for adult and children's use and was included in China's National Reimbursement Drug List in 2017 and China's National Essential Drug List in 2018 respectively, and was listed in the Top Brands of the Health Industry in 2025 (二零二五年健康產業品牌榜), Potential Brands in China's Pharmaceutical Retail Market 2024 (2024年度中國藥品零售市場潛力品牌), top Brands of Family Medicine in China 2022-2023 (2022-2023年中國家庭常備藥上榜品牌). Currently, there are dozens of guidelines and expert consensus recommending the use of viscosity dissolving promotors for clinical use. Among them, more than 10 guidelines and expert consensus explicitly recommend eucalyptol, limonene and pinene enteric soft capsules or its active ingredients for clinical treatment, such as Guidelines for the diagnosis, treatment and management of cough in China (2024 Edition)《中國咳嗽基層診療與管理指南 (2024年版)》, the Expert Consensus on the Diagnosis and Treatment of Adult Bronchiectasis in China (2021 Edition) (《中國成人支氣管擴張症診斷與治療專家共識(2021版)》), Guidelines for the Diagnosis and Treatment of Secretory Otitis Media in Children (2021 Edition) (《兒童分泌性中耳炎診斷和治療指南(2021版)》), the Guidelines for Rational Use of Drugs for Chronic COPD in Primary Care (2020 Edition) (《慢性阻塞性肺疾病基層合理用藥指南(2020版)》), Chinese Guidelines for Perioperative Airway Management in Thoracic Surgery (2020 Edition) (《中國胸外科圍手術期氣道管理指南(2020版)》), Diagnosis and Treatment of Primary Fibromotor Dyskinesia: Chinese Expert Consensus (《原發性纖毛運動障礙診斷與治療中國專家共識》), Expert Consensus on Classification and Diagnosis of Rhinitis and Nasal Medication Regimen (《鼻炎分類和診斷及鼻腔用藥方案的專家共識》) and Expert Consensus on Childhood Recurrent Respiratory Infections (《兒童反復呼吸道感染專家共識》), etc. Its clinical status is prominent, and the level of recognition among doctors and patients is high, continuing to lead the market of oral cough relieving and phlegm relieving drugs.

Management Discussion and Analysis

Enerzair® Breezhaler® (indacaterol acetate, glycopyrronium bromide and mometasone furoate powder for inhalation II) and Atectura® Breezhaler® (indacaterol acetate and mometasone furoate powder for inhalation II, III):
Enerzair® Breezhaler® is the first triple combination inhalation preparation for asthma indications approved in China for the maintenance treatment of asthma in adults not adequately controlled with the maintenance combination treatment of long-acting beta2 adrenergic agonist (LABA) and inhaled corticosteroid (ICS). The product has clear efficacy, is convenient to use, and has achieved breakthroughs in three aspects: (1) using an optimized drug combination of ICS, LABA and long-acting muscarinic receptor antagonist (LAMA) (i.e. mometasone furoate/indacaterol acetate/glycopyrronium bromide), the three effective ingredients can provide synergy benefit, and compared with the conventional high dose ICS-LABA and high dose ICS-LABA combined with LAMA opened triple combination, Enerzair® Breezhaler® can effectively improve the clinical symptoms and lung function of patients with moderate to severe asthma, and significantly reduce the risk of acute attacks; (2) dosing once a day, which significantly facilitates the patient and is expected to improve the compliance; (3) using the advanced Breezhaler® inhalation device, which is easy to operate, and provides patients with triple confirmation of dosing as audible, tasteable, and visible, enhancing patients' confidence that the complete dose has been taken. The ARGON phase III clinical study of the product shows that, compared with high dose Salmeterol-Fluticasone powder for inhalation combined with Tiotropium Bromide Spray opened triple combination, Enerzair® Breezhaler® significantly reduce the annualized rate of moderate exacerbations (based on 24 weeks data) by 43Atectura® Breezhaler® is an innovative combination of ICS mometasone furoate and LABA indacaterol acetate for the maintenance treatment of adult and 12years old above adolescent patients with asthma. Atectura® Breezhaler® also has the characteristics including "visible and controllable, precise inhalation, once a day" etc. It can significantly improve the lung function of patients and reduce the risk of acute attacks, and is a new choice for optimal treatment of asthma patients. The phase III clinical study of the product shows that, compared with the conventional high dose Salmeterol-Fluticasone powder for inhalation, Atectura® Breezhaler® can significantly improve the risk of acute attack in patients, and the risk of severe, moderately severe and all acute attack categories is reduced by approximately 26%, 22% and 19% respectively. Both products have been included in the Chinese Expert Consensus on the Standardized Application of Inhalation Devices for Stable Chronic Airway Diseases (2023 Edition) (《穩定期慢性氣道疾病吸入裝置規範應用中國專家共識(2023版)》), Chinese Expert Consensus on the Diagnosis and Management of Severe Asthma (2024 Edition) (《重度哮喘診斷與處理中國專家共識(2024版)》), Guidelines for the Prevention and Treatment of Bronchial Asthma (2024 Edition) (《支氣管哮喘防治指南(2024年版)》), the Global Strategy for Asthma Management and Prevention (2025 Edition) (《全球哮喘管理和預防策略(2025版)》) and other authoritative clinical guidelines and expert consensus documents both domestically and internationally. Additionally, both products have been officially included in the Category B drug management scope of China's National Basic Medical Insurance, Work Injury Insurance, and Maternity Insurance Drug Directory (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), providing new treatment options for individuals undergoing long-term asthma therapy.

New Compound Nasal Spray Ryaltris®:
Ryaltris® is a novel antihistamine and corticosteroid combination nasal spray for the treatment of moderate to severe seasonal AR in adult and pediatric patients 6 years of age and older, and moderate to severe perennial AR in adult and pediatric patients 12 years of age and older. Authoritative clinical guidelines and expert consensus documents both domestically and internationally, such as Chinese Guideline for Diagnosis and Treatment of Allergic Rhinitis (2022 Edition) (《中國變性鼻炎診斷與治療指引(2022版)》), Clinical Consensus on Classification and Diagnosis of Rhinitis and Nasal Medication Regimen (2019 Edition) (《鼻炎分類及診斷及鼻腔用藥方案(2019版)》), ARIA Clinical Pathway for Allergen Immunotherapy (2019 Edition), (《ARIA變應原免疫治療的醫療路徑(2019版)》), recommend intranasal antihistamines and intranasal corticosteroids as the first-line treatments for allergic rhinitis. As a combination formulation, Ryaltris offers patients a more convenient and effective treatment option, improves patient adherence, and provides a new therapeutic option for AR patients in China. The product received FDA approval in January 2022 and was approved by the NMPA in November 2025. Additionally, it has been approved for marketing in multiple countries and regions, including Australia, Russia, South Korea, the United Kingdom, and the European Union, demonstrating significant market potential.

Management Discussion and Analysis

Budesonide Nasal Spray:
It is a nasal corticosteroid medication with potent local anti-inflammatory and anti-allergic effects, which can directly act on the nasal mucosa to relieve rhinitis symptoms. It is used for the treatment of seasonal and perennial allergic rhinitis, perennial non-allergic rhinitis; it can also be used to prevent the recurrence of nasal polyps after nasal polyp removal and for symptomatic treatment of nasal polyps. As a first-line medication for allergic rhinitis, it has been included in multiple clinical guidelines and expert consensus documents such as the product has been included in clinical guidelines such as Guidelines for the Chinese Guidelines for the Diagnosis and Treatment of Chronic Sinusitis (2024 Edition) (《中國慢性鼻竇炎診斷與治療指南(2024版)》), Chinese Guidelines for the Diagnosis and Treatment of Allergic Rhinitis (2022 Revised Edition) (《中國變應性鼻炎診斷和治療指南(2022年，修訂版)》), Chinese Guidelines for the Diagnosis and Treatment of Allergic Rhinitis in Children (2022 Revised Edition) (《兒童變應性鼻炎診斷和治療指南(2022年，修訂版)》), the Expert Consensus on the Treatment of Allergic Rhinitis with Nasal Corticosteroids (《鼻用糖皮質激素治療變應性鼻炎專家共識》), and the Expert Consensus on the Classification, Diagnosis, and Nasal Medication Regimens for Rhinitis (《鼻炎分類和診斷及鼻腔用藥方案的專家共識》). This product is the first generic in China and is expected to alter the competitive landscape in the market for products with the same generic name, which has been dominated by foreign companies.

Fluticasone propionate Nasal Spray:
It is a nasal corticosteroid medication with potent local anti-inflammatory and anti-allergic effects, it directly acts on the nasal mucosa to alleviate nasal inflammation symptoms. It is indicated for the prevention and treatment of seasonal allergic rhinitis (including hay fever) and perennial allergic rhinitis. It is a first-line treatment for allergic rhinitis and is included in the Chinese Guidelines for the Diagnosis and Treatment of Chronic Sinusitis (2024 Edition) (《中國慢性鼻竇炎診斷與治療指南(2024版)), Chinese Guidelines for the Diagnosis and Treatment of Allergic Rhinitis (2022 Revised Edition) (《中國變應性鼻炎診斷和治療指南(2022年，修訂版)》), Chinese Guidelines for the Diagnosis and Treatment of Allergic Rhinitis in Children (2022 Revised Edition) (《兒童變應性鼻炎診斷和治療指南(2022年，修訂版)), the Expert Consensus on the Treatment of Allergic Rhinitis with Nasal Corticosteroids (《鼻用糖皮質激素治療變應性鼻炎專家共識》), and the Expert Consensus on the Classification, Diagnosis, and Nasal Medication Regimens for Rhinitis (《鼻炎分類和診斷及鼻腔用藥方案的專家共識》). This product is the first generic in China and is expected to alter the competitive landscape in the market for products with the same generic name, which has been dominated by foreign companies.

Management Discussion and Analysis

Innovative R&D pipeline

Based on unmet clinical needs, the Group has reserved a number of global innovative drugs for the indications of sepsis, ARDS, etc.

STC3141, a global innovative drug for the treatment of severe diseases:
STC3141 is a small molecule compound with a novel mechanism of action independently developed by the Group, which can be used to reverse organ damage caused by excessive immune responses by neutralizing extracellular free histones and neutrophil traps and is applicable to multiple severe disease indications. STC3141 is the world's first sepsis treatment solution centered on rebuilding immune homeostasis, representing a major upgrade in treatment dimensions. Building on existing symptomatic supportive treatments such as anti-infection, fluid resuscitation and organ function maintenance, it precisely regulates the core cause of the disease, which is immune dysregulation, to help the body restore balance. This is expected to fill the current clinical gap in sepsis treatment targeting the underlying cause. The product has a novel mechanism, and the results of related preclinical research have been published in "Nature Communications" and "Critical Care", both top academic journals with far-reaching academic influence, in February 2020 and November 2023, respectively. At present, the product has been granted 7 clinical approvals in four indications of sepsis, ARDS, severe COVID-19 infection ("**COVID-19**"), and ARDS caused by COVID-19 in five countries around three continents including China, Australia, Belgium, United Kingdom and Poland. Four patient-specific clinical studies were completed and have successfully met the clinical endpoints. Previous Phase Ib clinical studies conducted in Australia and Belgium for the treatment of sepsis, a Phase Ib clinical study conducted in China targeting acute respiratory distress syndrome (ARDS), and a Phase IIa clinical study conducted in Europe for the treatment of severe COVID-19 infection have all demonstrated that STC3141 exhibits good safety and tolerability. Additionally, it has shown positive signals in helping patients wean off ventilators, discontinuing vasopressors, and shortening ICU hospitalization duration. The Phase II clinical study targeting sepsis conducted in China successfully achieved its primary clinical endpoint in May 2025. Clinical results showed that the SOFA scores of the drug treatment group on day 7 were significantly lower than baseline, particularly in the high-dose group, with a reduction significantly greater than that of the placebo group, and the difference was statistically significant and clinically meaningful; the trends for secondary endpoints were consistent with the primary endpoint and met expectations. Additionally, STC3141 demonstrated good safety and tolerability, with pharmacokinetic characteristics also in line with expectations. These study results confirm the efficacy and safety of STC3141 in the treatment of sepsis, marking a new breakthrough in critical care medicine. The success of this clinical study is expected to usher in a new era in sepsis treatment.

Management Discussion and Analysis

ENT segment

In the ENT segment, the Group's treatment areas include diseases in multiple fields such as ophthalmology, otolaryngology, and stomatology, covering chemical preparations, Chinese drug preparations and health products, including prescription drugs, OTC drugs, medical devices, consumer goods and other major categories. We have established a professional marketing team centered on customer needs and guided by academic expertise, forming a nationwide marketing network. This segment adheres to a development strategy combining traditional Chinese and Western medicine with integrated pharmaceutical and medical device therapies, continue to refine our portfolio of product clusters that promote the coordinated development of traditional Chinese patent medicines, innovative ophthalmic drugs, and OTC retail products. In the traditional Chinese patent medicine sector, the Group leverages the core strengths of traditional Chinese medicine in the treatment of chronic diseases and continues to deepen its expertise. Building upon the consolidation and enhancement of our otolaryngology product portfolio, we have successfully expanded our business into therapeutic areas such as cardiovascular and cerebrovascular chronic diseases and neurology through strategic initiatives including the Maixuekang series, Dan Zhen Headache Capsules, and other TCM products with significant competitive advantages, we have successfully expanded our business into therapeutic areas such as cardiovascular and cerebrovascular chronic diseases and neurology. This has enabled a strategic transformation of our TCM business from a single focus on ENT to a comprehensive approach to chronic disease treatment; In the OTC retail sector, the Group is actively building China's leading eye health consumer brand, providing professional, safe, and convenient eye health solutions; In the field of innovative ophthalmic drugs，through a combination of collaborative introductions and independent R&D, the Group has developed a portfolio of globally innovative products for the treatment of "dry eye syndrome", "demodicosis blepharitis", "post-surgical anti-inflammatory" and "analgesic therapy" in ophthalmology, "pterygium", and "myopia", establishing a differentiated competitive advantage. These products are expected to provide patients with more treatment options and improve their quality of life. At the same time, by continuously strengthening the development of our clinical evidence-based medicine framework and professional academic promotion system, we provide clinical experts with comprehensive disease management protocols and detailed product service solutions. Moving forward, this division will continue to focus on cutting-edge innovation areas, further enhance its industry influence, and achieve new breakthroughs in its business domains.

ENT products

The ENT core products of the Group include He Xue Ming Mu tablets, Jinsang Series (Jinsang Kaiyin Tablet/Capsule/Pill/Granules, Jinsang Qingyin Tablet/Capsule/Pill/Granules, Jinsang Liyan Tablet/Capsule/Pill/Granules, Jinsang Sanjie Tablet/Capsule/Pill/Granules), Maixuekang (Maixuekang capsules and Maixuekang enteric-coated tablets), Rui Zhu (polyvinyl alcohol eye drop) and Nuo Tong (Xylometazoline Hydrochloride), Dan Zhen Headache Capsules, Valinic acid tartrate nasal spray etc.

He Xue Ming Mu tablets:
which is produced by three classical formulae, namely the Siwutang（四物湯）, Erzhiwan（二至丸）and Shengpuhuangtang（生蒲黃湯）, has the functions of cooling blood hemostasis, moisturising dryness and removing blood stasis, and nourishing liver and eye-brightening, and is mainly used for the treatment of retinal disease caused by the cloudy liver and the heat-burn winding. Since He Xue Ming Mu tablets have been the exclusive product in China, the State Protected Chinese Medicine, the National Reimbursement Drug List and the National Essential Drug List for the last 30 years since its commercialization, the Group has accumulated a large number of clinical research data and application experience in the field of retinal hemorrhage, which has been included in a number of guidelines/consensus such as Guidelines for the Prevention and Treatment of Type 2 Diabetes in Traditional Chinese Medicine (2024 Edition) (《2型糖尿病中醫防治指南（2024版）), Guidelines for the Diagnosis and Treatment of Pathological Myopia with Macular Hemorrhage in Traditional Chinese Medicine (2022 Edition) (《病理性近視眼底病變黃斑出血中醫診療指南（2022版）), and the Expert Consensus on Clinical Application of He Xue Ming Mu Tablets for the Treatment of Wet Age-related Macular Degeneration (《和血明目片治療濕性年齡相關性黃斑變性臨床應用專家共識》) and provides valuable literature support for clinical use of the products.

Management Discussion and Analysis

Jinsang Series Products:
They are exclusive products nationwide, covering all the diseases of the throat, among which, Jinsang Sanjie Capsule is used for the treatment of chronic hoarseness disease caused by heat and poisoning storage and airtight blood stasis (vocal nodules, polyp of vocal cords, thickening of mucosa of vocal cords) and the resulting hoarseness. Jinsang Sanjie Capsule has been widely used in clinical application for more than 30 years since its commercialization. Jinsang Liyan Capsule is the only Chinese patent medicine for the treatment of throat diseases caused by intraocular obstruction of liver depression and phlegm and humidification. It is also an ideal medicine for the treatment of pharyngeal symptoms in clinical operation, gastroesophageal reflux pharyngitis, and chronic and thick pharyngitis. Jinsang Kaiyin Capsule is designed for the rapid effect of acute pharyngitis as well as throat redness, swelling, heat, pain and hoarning caused by acute pharyngitis. This series of product has received widespread clinical recognition. Guidelines for the Diagnosis and Treatment of Common Diseases in Otorhinolaryngology of Traditional Chinese Medicine (《中醫耳鼻咽喉科常見病診療指南》), Guidelines for the Rational Use of Traditional Chinese Medicines for Promoting Blood Circulation and Removing Blood Stasis (《活血化瘀類中成藥合理用藥指南》), the Clinical Drug Guidelines (《臨床用藥指南》) for the diagnosis and treatment of clinicians, he authoritative monographs of the Manual for Common Traditional Chinese Medicine of Otorhinolaryngology (《常見眼耳鼻咽喉科中成藥手冊》) and the Practical Otorhinolaryngology Head and Neck Surgery (《實用耳鼻咽喉頭頸外科學》), etc., has been included in numerous clinical pathways and expert treatment guidelines. In January 2022, the Expert Consensus on the Clinical Application of Jinsang Sanjie Capsules for the Treatment of Vocal Nodules and Polyp of Vocal Cords (《金嗓散結膠囊治療聲帶小結、聲帶息肉臨床應用專家共識》) was issued by the Chinese Association of Traditional Chinese Medicine, which has also provided new support for the evidence-based development of Jinsang Sanjie products. Jinsang Sanjie and Jinsang Kaiyin Capsules are products on the National Reimbursement Drug List. Jinsang Kaiyin and Qingyin are dual cross-over products with both prescription and over-the-counter drugs.

Duoputai®, Maixuekang capsules and Maixuekang enteric-coated tablets:
It has the effects of anticoagulation, antithrombosis, antifibrosis, and improvement of blood circulation, and can be used in the treatment of cerebro-cardiovascular diseases such as coronary heart disease, acute cerebral infarction, ischemic stroke, and unstable angina. It is included in the National Reimbursement Drug List and the Essential Drug List, and is currently the only Chinese patent medicine that is labeled with antithrombin activity units in China (each capsule/tablet is equivalent to 14 units of antithrombin activity). It has been included in many authoritative clinical guidelines, such as the Clinical Evidence-Based Practice Guidelines for Integrated Traditional Chinese and Western Medicine Rehabilitation for Stroke, Guidelines for Integrated Traditional Chinese and Western Medicine Prevention and Treatment of Stroke, Guideline for the Diagnosis and Treatment of Cerebral Infarction with the Integrated Traditional Chinese and Western Medicine, the Clinical Practice Guideline for Chinese Medicine in the Treatment of Idiopathic Membranous Nephropathy, and the Expert Consensus on the Use of Maixuekang Capsule (Enteric-coated Tablet) for Patients with Cardiovascular and Cerebrovascular diseases in Clinical Practice.

Rui Zhu® (polyvinyl alcohol eye drop):
It is a single-piece preservative-free artificial tear and currently the first-line drug for the treatment of dry eye. It is recommended by experts such as the Expert Consensus on Prevention and Control of Cataract Surgery in China (2021 Edition) (《中國白內障圍手術期乾眼防治專家共識（2021年版）》), the Expert Consensus on Sterily Surgery in China (2020 Edition) (《中國乾眼專家共識（2020年版）》), the Expert Consensus on Refractive Surgery in Laser Corneal Surgery in China (2019 Edition) (《中國激光角膜屈光手術圍手術期用藥專家共識(2019年版)》), and the Expert Consensus on Diagnosis and Treatment of Functional Disorder of Bleacne in China (2017 Edition) (《我國瞼板腺功能障礙診斷與治療專家共識（2017年版）》). Rui Zhu has good brand recognition and was awarded the China Well-known Trademark in 2017; and was awarded the CPEO Gold Award for nine consecutive years from 2016 to 2024, namely the "Healthy Industry Brand List".

Management Discussion and Analysis

Nuo Tong (xylometazoline hydrochloride nasal spray/nasal drops):
It is a nasal decongestant to relieve nasal congestion, and is suitable for relieving nasal congestion caused by acute and chronic rhinitis, sinusitis, allergic rhinitis, hypertrophic rhinitis and other nasal disorders. It does not contain hormones or ephedrine and is suitable for both adults and children. Nuo Tong is divided into two dosage forms: nasal drops and nasal spray, of which the nasal spray is the exclusive domestic dosage form and is the leading product among its generic counterparts. The product has been included in clinical guidelines such as Chinese Expert Consensus on the Diagnosis and Treatment of Chronic Sinusitis in Children (Hangzhou, 2024) (《兒童慢性鼻竇炎的診斷和治療中國專家共識(杭州，2024)》), Guidelines for the Diagnosis and Treatment of Allergic Rhinitis in China (Revised Edition 2022) (《中國變應性鼻炎診斷和治療指南(2022年，修訂版)》), Guidelines for the Diagnosis and Treatment of Allergic Rhinitis in Children (Revised Edition 2022) (《兒童變應性鼻炎診斷和治療指南(2022年，修訂版)》).

Dan Zhen Headache Capsules:
Formulated from classic prescriptions such as Si Wu Tang, Tian Ma Gou Teng Yin, and Tong Qiao Huo Xue Tang, these capsules have the effects of calming the liver and subduing wind, dispersing blood stasis and unblocking meridians, and relieving spasms and pain. They are indicated for the treatment of headaches, back pain, neck stiffness, irritability, and anger caused by liver yang hyperactivity and blood stasis obstructing the meridians. This product has a clear clinical indication and is supported by robust evidence-based research. Its therapeutic scope encompasses primary headaches, secondary headaches, and headache prevention, offering broad clinical application prospects. It is a nationally exclusive product listed in the National Medical Insurance Directory and the National Essential Medicines List, and has been included in clinical guidelines such as the Chinese Guidelines for the Integrated Traditional and Western Medicine Prevention and Treatment of Migraine (2022 Edition) (《中國偏頭痛中西醫結合防治指南(2022年版)》).

Valinic acid tartrate nasal spray ("**OC-01**"):
It is a highly selective acetylcholine receptor agonist that activates the trigeminal nerve parasympathetic pathway to increase natural tear secretion, thereby achieving the therapeutic effect for dry eye syndrome. According to the results of the Phase III clinical study of OC-01, compared with the control group, OC-01 demonstrated statistically and clinically significant improvements in tear secretion in patients with dry eye syndrome. with a significant increase in natural tear secretion compared to baseline (a higher proportion of participants showed an increase of 10 millimetres or more in Schirmer scores compared to baseline), and demonstrated good safety and tolerability. The product was approved for marketing in the United States in October 2021 and is currently the first and only preservative-free, multi-dose, sterile-packaged nasal spray approved for the treatment of mild, moderate, and severe dry eye syndrome globally; In terms of registration in China, the product was approved for marketing in the Macau Special Administrative Region of China in February 2023; In April 2023, it was introduced as an imported clinically urgent medication in the Hainan Lecheng Medical Pilot Zone; in December 2023, the first prescription was issued in the Guangdong-Hong Kong-Macao Greater Bay Area at the University of Hong Kong-Shenzhen Hospital; in November 2024, it was approved for commercialization by the Chinese NMPA; and in the same month, it was approved for market launch in Taiwan, China; In July 2025, the first commercial prescriptions were issued in mainland China following formal approval. Currently, the product is included in authoritative clinical guidelines and consensus documents such as the Chinese Expert Consensus on the Clinical Diagnosis and Treatment of Dry Eye (2024 Edition) (《中國乾眼臨床診療專家共識(2024版)》) and the 2023 Edition of the Clinical Practice Guidelines for Dry Eye (2023版《乾眼臨床實踐指南》) published by the American Academy of Ophthalmology.

Management Discussion and Analysis

TP-03, a globally innovative ophthalmic formulation for the treatment of demodex blepharitis TP-03 (lotilaner ophthalmic solution 0.25%):
is a non-competitive antagonist selective for gamma-aminobutyric acid-gated chloride channels ("**GABA-Cl**"). By selectively inhibiting GABA-Cl in Demodex mites, TP-03 paralyzes and kills the mites, which are the root cause of Demodex blepharitis. The product is highly lipophilic, which promotes its absorption into the oils of eyelash follicles where mites reside. Currently the product has completed two pivotal clinical studies in the United States, both trials met the primary endpoint and all secondary endpoints, with statistical significance and no serious treatment-related adverse events. and was approved for commercialization by the United States Food and Drug Administration ("**FDA**") in July 2023. It is the first and only drug approved by the FDA for Demodex blepharitis. It was approved for marketing by the Macau Medicines and Healthcare Products Regulatory Authority in May 2025 and approved for marketing by NMPA in March 2026.

Innovative R&D pipeline

The Group reserved four innovative drugs in the direction of clear clinical needs for anti-inflammatory and pain relief after ophthalmology surgery, pterygium, myopia, demodex blepharitis and meibomian gland disease with demodex mites etc.:

GPN00833, an improved new drug hormone nano-suspension eye drops for anti-inflammatory and pain relief after ophthalmology surgery:
Its main active ingredient, clobetasol propionate, is a potent glucocorticoid, and has efficient local anti-inflammatory and strong capillary contraction effect. Its unique nano-preparation technique effectively eliminates the low bioavailability and safety risks caused by low water solubility of hormones products. This product received marketing approval from the US FDA in March 2024. Regarding its registration in China, the product completed its Phase III clinical study in November 2024 and successfully achieved clinical endpoints. Compared to the control group, the product demonstrated statistically significant and clinically meaningful differences in anti-inflammatory and analgesic effects. The product also demonstrated good safety and tolerability, and its pharmacokinetic profile met expectations. Currently, the product is in the New Drug Application (NDA) preparation stage.

GPN00153, an improved new drug for the treatment of pterygium (CBT-001):
It is an innovative and improved product, Nintedanib, which is used for the treatment of pulmonary fibrosis. It inhibits neovascularization and tissue fibrosis. Currently, the phase II clinical trial has been completed in the United States with high safety and significant clinical efficacy, which can inhibit the growth of pterygium and control the aggravation of the disease. The global phase III clinical trial for CBT-001 has conducted in June 2022 and it has been approved to conduct phase III clinical trial in China by the NMPA in March 2023, and all patients were enrolled in June 2025.

Novel ophthalmic preparation GPN00884 for delaying the progression of myopia in children:
It is an innovative drug with a new mechanism jointly developed by the Group and the Eye Hospital of Wenzhou Medical University ("**WMU**"). Compared with low-concentration atropine eye drops, GPN00884 eye drops have no mydriasis effect, no adverse reactions such as photophobia and decreased accommodation, and the dosing period is not limited, which can improve patient compliance. The product has been approved to conduct phase I clinical study in China in March 2024, which was accepted by the NMPA, completed the Phase I clinical study in March 2025, and completed the enrollment of the first patient in Phase IIa clinical trial conducted in China in October 2025.

Management Discussion and Analysis

In addition, the Group's traditional Chinese medicine division has also developed Class 1 innovative TCM drugs for use in chronic disease management:

An Innovative Traditional Chinese Medicine for the Treatment of Depression GPN01360:
This is a Class 1.1 innovative TCM for the treatment of depression (liver stagnation and spleen deficiency syndrome). Based on the ancient classic formula "Xiaoyaosan(逍遙散)", it was developed and optimized through modern pharmacological and clinical research. The prescription consists of 12 TCM herbs, including Bupleurum, Turmeric Root Tuber, and Finger Citron, with the effects of soothing the liver and strengthening the spleen, relieving depression, and calming the mind. This TCM is mainly used to treat depression of the liver stagnation and spleen deficiency type, of which the typical symptoms include low mood, slow thinking, decreased willpower, irritability, anxiety, insomnia, forgetfulness, poor appetite, and fatigue. Preliminary human clinical studies involving nearly 100 people have shown that GPN01360 demonstrates favorable efficacy and safety in improving depressive symptoms, relieving anxiety and insomnia, and regulating spleen and stomach function. In December 2025, this TCM reached its clinical endpoint in Phase II clinical trials conducted in China. Research findings indicate that GPN01360 demonstrates good safety and efficacy in the treatment of depression, and shows significant improvement in symptoms such as anxiety and insomnia associated with depression. Currently, the registration process for further studies of this product is proceeding smoothly.

An Innovative Traditional Chinese Medicine for the Preventive Treatment of Migraines GPN01020:
This is a Class 1.1 innovative TCM drug intended for the prophylactic treatment of migraine (characterized by blood stasis obstruction). Derived from an in-house formulation developed at a Grade A Level 3 medical institution, it has been in clinical use for over 30 years. Its primary functions and indications include promoting blood circulation and removing blood stasis, as well as regulating qi and tonifying deficiency. It is suitable for vascular-neurogenic headaches, traumatic headaches, hypertension, and cerebral arteriosclerosis associated with qi deficiency and blood stasis. The product's primary historical clinical applications have included primary headaches (such as tension-type headaches and migraines) and secondary headaches (such as vascular headaches and neurovascular headaches). Results from preliminary human experience studies involving hundreds of participants indicate that GPN01020 demonstrates good efficacy and safety in reducing the number of migraine attack days and attack frequency, as well as in improving migraine-related symptoms. Currently, the product has been approved by the NMPA to proceed with Phase II clinical trials.

Cerebro-cardiovascular emergency segment

The Group's cerebro-cardiovascular emergency segment specializes in both emergency care and chronic disease management. In terms of emergency care, the Group is listed as a "national essential drug production base", an "emergency medicines manufacturer for national ready reserve" and a "national centralized production base and construction unit for minority-variety medicines (drugs in short supply)", etc. with over 30 varieties, 14 of which are included in the national emergency drugs catalogue of China, while 16 of which are included in the shortage drugs catalogue, which has ranked the top in the industry in terms of product pipeline. Our products cover three major emergency scenarios, namely in-hospital emergency care, pre-hospital emergency care and civilian emergency care. Through this, we continue to provide cerebro-cardiovascular emergency patients in China with a portfolio of safe and effective products with application in multiple scenarios and various choices. In terms of chronic disease management, core products such as Nengqilang, Limetone® eplerenone tablets, Herbesser(合貝爽®及合心爽®)continue to lead the segmented market. Currently, the Group will continue to invest in and develop products in the fields of cerebro-cardiovascular emergency and chronic disease treatment that are in urgent clinical need through a combination of independent innovation and research and development and making breakthroughs in difficult generic technologies.

Management Discussion and Analysis

Cerebro-cardiovascular emergency products

The products mainly cover the fields of blood pressure control, vascular active drugs, myocardial metabolism, heart failure and anticoagulation. The main products include Li Shu An (norepinephrine bitartrate injection, epinephrine hydrochloride injection), Herbesser (Diltiazem Hydrochloride Tablets/Diltiazem Hydrochloride Sustained-Release Capsules, Diltiazem Hydrochloride Injection), Nengqilang (coenzyme Q10 tablets), Nuo Fu Kang (methoxamine hydrochloride injection), eplerenone tablets, etc.

Herbesser(合貝爽®及合心爽®), diltiazem hydrochloride tablets/diltiazem hydrochloride extended-release capsule, diltiazem hydrochloride injection):
As a classic calcium channel blocker with proven clinical efficacy and high safety, it is available in oral, sustained-release, and injectable formulations, effectively meeting the clinical needs of patients with cardiovascular and cerebrovascular diseases such as hypertension and coronary artery disease. It has been included in numerous authoritative clinical guidelines and domestic and international expert consensus, including Clinical Management Guidelines for Antihypertensive Drugs in the Perinatal Period (2025 Edition) (《圍產期降血壓藥物臨床應用管理指引(2025版)》), Comprehensive Management Guidelines for Cardiomyopathy in China (2025 Edition) (《中國心肌病變綜合管理指引(2025版)》), Comprehensive Management Guidelines for Chronic Kidney Disease in the Elderly (2025 Edition) (《老年慢性腎臟病綜合管理指引(2025版)》), Chinese Expert Consensus on the Diagnosis, Treatment, and Management of Hypertrophic Cardiomyopathy in Children (2025 Edition) (《中國兒童肥厚型心肌病變診斷治療與管理專家共識(2025版)》), Expert Consensus on Intra-procedural Coronary Artery Thrombolysis During Percutaneous Coronary Intervention for Acute ST-Elevation Myocardial Infarction (2025 Edition) (《急性ST段上升型心肌梗塞經皮冠狀動脈介入治療術中冠狀動脈內溶栓專家共識(2025版)》), British Renal Association Clinical Practice Guidelines: Blood Pressure Management in Adult, Paediatric, and Adolescent Dialysis Patients (2025 Edition) (《英國腎臟病協會臨床實務指引：成人、兒童及青少年透析病患的血壓管理(2025版)》), ACC/AHA/ACEP/NAEMSP/SCAI Guidelines for the Management of Patients with Acute Coronary Syndrome (2025 Edition) (《ACC/AHA/ACEP/NAEMSP/SCAI急性冠狀動脈症候群病患管理指引(2025版)》).

Nengqilang® (Coenzyme Q10 Tablets):
It is used to improve myocardial metabolism and energy supply, promoting oxidative phosphorylation and protecting the structural integrity of biological membranes. For patients with chronic heart failure, this drug can significantly improve symptoms of shortness of breath and fatigue, effectively combining with conventional treatment to improve patient prognosis and quality of life. Over the past 30 years since its launch, it has been included in numerous authoritative guidelines and domestic and international expert consensus documents, including《the Expert Recommendations for the Diagnosis and Treatment of Fulminant Myocarditis in Children (2025 Edition) (《兒童暴發性心肌炎診治專家建議(2025版)》),), Comprehensive Management Guidelines for Cardiomyopathy in China (2025 Edition) (《中國心肌病變綜合管理指引(2025版)》), Expert Consensus on the Comprehensive Prevention and Treatment of Post-Traumatic Stress Disorder Following Traumatic Brain Injury (2025 Edition) (《顱腦衝擊傷後創傷後應激障礙綜合防治專家共識(2025版)》), Chinese Expert Consensus on the Diagnosis, Treatment, and Management of Hypertrophic Cardiomyopathy in Children (2025 Edition) (《中國兒童肥厚型心肌病變診斷治療與管理專家共識(2025版)》), Guidelines for the Management of Cyclic Vomiting Syndrome in Children (2025 Edition) (《兒童週期性嘔吐症候群治療指引(2025版)》), Expert Consensus on the Diagnosis and Treatment of Severe Fever with Thrombocytopenia Syndrome (2025 Edition) (《重症發燒伴血小板減少症候群診治專家共識(2025版)》), Chinese Guidelines for the Clinical Diagnosis and Treatment of Myocarditis in Adults (2024) (《中國成人心肌炎臨床診斷與治療指引2024》), Chinese Guidelines for the Diagnosis and Treatment of Chronic Alcohol-Related Brain Damage (2024 Edition) (《慢性酒精相關性腦損傷的中國診療指引(2024版)》), Chinese Expert Consensus on the Diagnosis and Treatment of Hereditary Ataxia (2024 Edition) (《中國遺傳性共濟失調診治專家共識(2024版)》), Chinese Guidelines for the Diagnosis and Treatment of Heart Failure (2024 Edition) (《中國心力衰竭診斷和治療指南(2024版)》), etc.

Management Discussion and Analysis

Nuo Fu Kang®, the methoxamine hydrochloride injection:
It is used for the treatment of low blood pressure during general anesthesia and to prevent the occurrence of abnormal heart rate, to treat low blood pressure induced by the internal obstruction of the vertebral tube and to terminate arrays of ventricular hyperactivity. The product is the first generic drug of the Group in China and has been commercialized for more than 30 years. It has been recommended for use by guidelines and expert consensus, including Expert Consensus on the Practice of Enhanced Recovery after Cesarean Section Anesthesia (2022) (《剖宮產術後加速康復麻醉實踐專家共識(2022版)》), the Expert Consensus on Obstetric Anesthesia in China (2020 Edition) (《中國產科麻醉專家共識(2020版)》), and the Consensus on the Clinical Management of Chinese Experts in the Peripheral Anesthesia Period of Non-cardiac Surgery in Patients with Cardiac Disease (2020 Edition) (《心臟病患者非心臟手術圍麻醉期中國專家臨床管理共識(2020版)》), the Guiding Opinions on the Management of Peripheral Anesthesia in Chinese Geriatric Patients (2020 Edition) (《中國老年患者圍術期麻醉管理指導意見(2020版)》), the Expert Consensus on Perioperative Use of α 1 Adrenergic Receptor Agonists (2017 Edition) (《α 1腎上腺素能受體激動劑圍術期應用專家共識(2017版)》), Expert Consensus on Anesthesia Management for Interventional Treatment of Cranial and Brain Diseases in China (2016 Edition)《中國顱腦疾病介入治療麻醉管理專家共識(2016版)》).

Limetone® eplerenone tablets(力美通®依普利酮片):
It is a new MRA drug. It can block heart disease and vascular damage caused by excessive activation of mineralocorticoid receptor ("**MR**") by binding to the MR. ESC Guidelines: Management of Cardiovascular Disease and Pregnancy (2025 Edition) (《ESC指南:心血管疾病和妊娠的管理(2025版)》), ACC/AHA/ACEP/NAEMSP/SCAI Guidelines for the Management of Patients with Acute Coronary Syndrome (2025 Edition) (《ACC/AHA/ACEP/NAEMSP/SCAI急性冠狀動脈綜合症患者管理指引(2025版)》), TES Clinical Practice Guidelines: Primary Aldosteronism (2025 Edition) (《TES臨床實務指引:原發性醛固酮增多症(2025版)》), AHA/ACC/AANP/AAPA/ABC/ACCP/ACPM/AGS/AMA/ASPC/NMA/PCNA/SGIM Guidelines for the Prevention, Detection, Evaluation, and Management of Hypertension in Adults (2025 Edition),(《AHA/ACC/AANP/AAPA/ABC/ACCP/ACPM/AGS/AMA/ASPC/NMA/PCNA/SGIM成人高血壓預防、檢測、評估與管理指引(2025版)》), Expert Consensus on the Evaluation and Management of High-Volume Loads in Patients with Hypertension (2025 Edition) (《高血壓患者高容量負荷的評估與管理專家共識(2025版)》), Guidelines for Prevention and Treatment of Hypertension in China (2024 Edition) (《中國高血壓防治指南(2024版)》), the Guidelines for Diagnosis and Treatment of Heart Failure in China (2024 Edition) (《中國心力衰竭診斷和治療指南)(2024版)》, Chinese Expert Consensus on Blood Pressure Management of Refractory Hypertension (《難治性高血壓血壓管理中國專家共識》), the Multidisciplinary Expert Consensus for Clinical Application of Mineralocorticoid Receptor Antagonists in China (2022 Edition) (《鹽皮質激素受體拮抗劑臨床應用多學科中國專家共識(2022版)》) and many other well-known clinical guidelines and expert consensus at home and abroad recommend the clinical use of MRA drugs in the treatment of cardiovascular diseases such as heart failure and hypertension. Compared with the first-generation MRA drug Spironolactone, Eplerenone has higher MR selectivity and lower affinity for androgen receptor and progesterone receptor, so it has fewer side effects and is a safe and effective new generation of MRA drug. This product was approved for commercialization by the NMPA in August 2023, bridging the gap of second-generation selective mineralocorticoid receptor antagonist drugs in China. In May 2024, the first prescription was completed, and the commercialization was officially realized in China. In November 2024, it was officially included in China's National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance Drug List (2024 Edition) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024版)》).

Management Discussion and Analysis

Adrenaline Nasal Spray Neffy®
It is available in two specifications: the 2mg strength was approved for commercialization in the United States and the European Union in August 2024 and was approved for commercialization in China in December 2025; the 1mg specification was approved for commercialization in the United States in March 2025. The 1mg and 2mg specifications were approved for commercialization in Japan in September 2025. Neffy® is the first non-injectable treatment product approved by FDA for the treatment of type I allergic reactions (including severe allergic reactions). It uses an innovative nasal spray delivery method, which is convenient to use, compact and easy to carry, and can be administered by the patient or others in the event of an allergic reaction The product has a shelf life of up to 30 months, which can significantly reduce waste caused by expired medicines, and alleviate the economic and medication burden on patients. Its pivotal clinical study results show that subjects treated with Neffy® or approved adrenaline injection products had comparable blood concentrations of adrenaline, and Neffy® has been shown to have a rapid onset of action and provide short-term symptom relief in patients with allergic reactions. With its unique portability and user-friendly operation, Neffy® is expected to quickly penetrate various out-of-hospital scenarios, including homes, schools, and travel, and fill the gap in the availability of emergency medications for severe allergic reactions in out-of-hospital settings.

Runmodelin® Treprostinil Injection:
This is a rare disease drug for the treatment of pulmonary arterial hypertension. It is a synthetic analogue of endogenous prostacyclin. By acting on specific prostaglandin receptors and antagonizing thromboxane A2, it promotes vascular smooth muscle relaxation, reduces thrombosis, inhibits vascular wall cell proliferation, and thereby increases blood flow and reduces cardiac stress. This product, when used in combination with existing treatments, can significantly improve patients' long-term survival. Its use is recommended by authoritative domestic and international guidelines, including the ESC Guidelines: Management of Cardiovascular Disease and Pregnancy (2025 Edition) (《ESC指南：心血管疾病和妊娠的管理（2025版）》), the Expert Consensus on Joint Management of Targeted Drug Therapy for Pulmonary Arterial Hypertension (2025 Edition) (《動脈性肺動脈高壓標靶藥物治療醫學共管專家共識（2025版）》), the Guidelines for the Diagnosis and Treatment of Acute Pulmonary Embolism (2025 Edition) (《急性肺栓塞診斷與治療指南（2025版）》), the Guidelines for the Diagnosis and Treatment of Chronic Thromboembolic Pulmonary Hypertension (2024 Edition) (《慢性血栓栓塞性肺動脈高壓診斷與治療指南（2024版）》), the ESC/ERS Guidelines for the Diagnosis and Treatment of Pulmonary Hypertension (2022 Edition) (《 ESC/ERS肺動脈高壓診斷與治療指南（2022版）》), the Guidelines for the Diagnosis and Treatment of Pulmonary Hypertension (2021 Edition) in China (《中國肺動脈高壓診斷與治療指南（ 2021版）》). Runmodelin® is one of only two treprostinil products currently approved for marketing in China. In January 2023, it was officially included in China's "National Basic Medical Insurance, Work-related Injury Insurance, and Maternity Insurance Drug List (2022 Edition)", significantly improving patient accessibility and reducing the treatment burden, benefiting a large number of patients with pulmonary arterial hypertension.

Pharmaceutical Raw Materials Segment

The Group's pharmaceutical raw materials segment has a rich product pipeline and significant advantages in terms of product concentration. Our bulk APIs and specialty APIs are sold in parallel, with sales channels spread all over the world. As an important link in the front-end of the integrated supply chain of raw materials and preparations, the Group now owns several modernized production bases of pharmaceutical raw materials with complete equipment, superb technique, outstanding industrialization capability and standardized quality control. The Group focuses on the R&D of API production in five major areas, namely cerebro-cardiovascular, anti-infection, antipyretic analgesic, the digestive system and anti-tumor, and fully supports the production of preparations and R&D work in the field of pharmaceutical technology, so as to ensure high quality standard and consistency of the Company's preparations at the source, and truly realize the integration of upstream and downstream industrial advantages.

Management Discussion and Analysis

mRNA platform

The Group has established a world-leading mRNA technology platform centered on Nanjing AuroRNA Biotech Co., Ltd. ("**AuroRNA Biotech**"). As a clinical-stage mRNA drug development company focused on multi-target technology, AuroRNA Biotech's product pipeline concentrates on two major therapeutic areas: oncology and infectious diseases. One of its core pipeline candidates, ARC01 (a therapeutic mRNA vaccine for HPV16-positive solid tumors therapeutic mRNA vaccine), received an Investigational New Drug (IND) designation in 2024 and has officially commenced clinical trials. To date, the project has successfully completed dose-escalation across multiple dose groups, and several enrolled patients have demonstrated clinical partial response (PR), positioning it to potentially become the world's first therapeutic mRNA vaccine for cervical cancer. In 2025, AuroBio entered into a strategic partnership with Hubei Jiangxia Laboratory to jointly advance the R&D of ARP02 (therapeutic vaccine for herpes simplex virus). Currently, both parties are steadily conducting preclinical research collaboration and have simultaneously initiated an IIT clinical study to accelerate the translation of project outcomes.

AuroRNA Biotech has established a mature and comprehensive suite of core technologies and formulation capabilities covering the entire mRNA production process, developing a high-yield (＞10 g/L), high-quality (dsRNA ＜0.05%), and low-cost IVT process. Through process optimization, the company has resolved the issue of heterogeneity in multi-antigen LNPs, achieving a narrow particle size distribution. Additionally, AuroRNA Biotech has established multiple quantitative testing platforms, including digital PCR, qPCR, and HPLC, and has developed a comprehensive quality assessment system and set of standards.

Biotechnology

The Group pursues the concept of green, low-carbon and sustainable development and promotes high-quality development of the segment with the world's leading innovative technology in synthetic biotechnology. The amino acid products and biopesticides are the core business in the field of biotechnology, and it is positioned as a global premium service provider of high-quality amino acids and high-end biopesticides. The Group's development in the biological field focuses on technological innovation and the construction of high-quality systems. We are comprehensively advancing the international registration process by establishing technical and quality barriers, thereby strengthening the Group's overall competitiveness in the international market. Currently, the Group has more than 90 R&D personnel in the biotechnology field, with professional backgrounds in cross-disciplinary disciplines such as microbiology, applied chemistry, biochemistry, pharmacology and food science, hold over 300 invention patents and has led and participated in the formulation of more than 70 national, industrial and group standards, with approximately 50 standards published. We have a complete domestic and international quality system certification, and have won many honors such as National Green Factory(國家級綠色工廠), the National Manufacturing Individual Champion Demonstration Enterprise(國家製造業單項冠軍示範企業), National-level "Little Giant" Enterprises(國家級專精特新「小巨人」企業), the National Intellectual Property Demonstration Enterprise(國家知識產權示範企業), the China Light Industry Green Manufacturing Engineering Technology Research Centers for Sulfur-containing Amino Acids(中國輕工業含硫氨基酸綠色製造工程技術研究中心).

Amino acids segment

The Group has been cultivating in the field of amino acids for more than 20 years and has always adhered to the spirit of technological innovation, taking synthetic biology as the core, it pioneered a world's leading innovative technology in China based on biotechnology method to produce various amino acids by biological method, which filled the gap in the industry. The Group has undertaken the project for national industrial strong foundation engineering and the industrial foundation transformation project of the PRC, and is the first company in China to be approved for the "Same production line, same standard, same quality" three-in-one certification for amino acids, to ensure the safety and stability of the supply chain and industrial chain of high-quality amino acids in China.

The Group has always adhered to the core business philosophy of "new technology, high quality, industrial chain, and internationalization" and has continued to strengthen the expansion of the amino acid industry. Based on pharmaceutical-grade amino acids and by leveraging our industrial advantages, the Group continues to expand into diversified amino acids.

Management Discussion and Analysis

New technology:

Focusing closely on the field of synthetic biology and after years of scientific research, at present, we have built eight technology platforms, including synthetic biology, enzyme engineering, fermentation engineering, process optimization, quality research and application transformation, while taking initiatives in construction of cell factory, fine control of fermentation processes, and research of the full technology chain of separation and purification. Through the innovation and integration of several technology areas, we have had an integrated synergistic system with new product development, new technology engineering, industrialization and application solutions, which provides strong support for continuous innovation and industrial implementation, and some of the technologies have filled the domestic gaps in China. Currently, the Group has established long-term deep cooperation relationship with a number of scientific research institutions such as Wuhan University, Huazhong University of Science and Technology, Tianjin University of Science and Technology and Huazhong Agricultural University, under which, a new amino acid fermentation technology and an enzyme expression system were developed. Meanwhile, the technological development of cell culture media-level amino acid has been further deepened, providing raw material guarantee for the research of self-produced cell culture medium. We have applied the technologies of molecular biology and proteomics to modify the structure of biological enzymes, thus effectively improving the activity of biological enzymes and the yield and quality of the products. Among them, the fermentation process with strain construction optimization as the core and the enzyme conversion process with immobilized enzymes as the core can not only replaces the traditional chemical synthesis process, improving process safety and production convenience, but also significantly reduces carbon dioxide emissions during the production process, which fully demonstrates the development concept of energy saving, emission reduction and green environment protection of emission peak and carbon neutrality, generating great economic and environmental benefits. The industrial technology highway built by the Group in the amino acid segment is beginning to take shape, which has laid a solid foundation for Original technological innovation and product industrialization.

The Group attaches great importance to the construction of R&D team and the close integration of production and research. At present, the amino acid segment has a core technical team led by talents from the 100 Talents Plan of Hubei Province（湖北省百人計劃）. The innovative model of combining production, academia, research and application in this segment, as well as the echelon of technical innovation talents with clear division of labor and complementary strengths, has yielded fruitful results with the number of granted invention patents ranking at the leading level in the same industry.

High quality:

The Group's amino acid products have a complete quality certification system at home and abroad. Many core products have passed the drug/food system certification and registration in Europe, the United States, Japan, Southeast Asia, China and other countries and regions, including European Union GMP certification, EU REACH registration, Export to European Union WC certification, the US FDA certification, KFDA Registration in Korea, the ISO quality management system certification, the FSSC22000 food system certification, FAMI-QS feed certification, IP non-GMO certification, the HALAL certification, the KOSHER certification, etc, not only ensuring the compliance of overseas operations of core products, but also laying the foundation for the subsequent expansion of new market applications of products. Meanwhile, the Group has also made efforts to increase registration in new economies such as South America, paving the way for the globalization of the Group's core products. Our comprehensive system certification and registration have demonstrated the Group's strong competitiveness for business expansion in overseas markets.

Management Discussion and Analysis

Industry chain:

The Group has nearly 50 types of various amino acids and their derivatives. It has 26 registered amino acid APIs and is the pharmaceutical company with the largest number of registered amino acid APIs in China. At the same time, the Group has also added a number of food-grade and feed-grade amino acid products, opening up growth space through differentiated paths and demonstrating the dual-wheel drive effectiveness of market breakthroughs and product innovation. The rich amino acid product cluster can better meet the customized needs of the downstream market, provide one-stop services of multiple varieties and specifications, and enhance customer adhesion in high-end application scenarios. In addition to raw material products, the Group is also actively expanding its pharmaceutical products. Two of the self-developed functional dietary supplements, have obtained the U.S. FDA approval and have been commercialized in the United States. The Group already has over 10 independently developed functional foods approved for commercialization in China.

Internationalization:

The sales network of the Group's amino acid segment covers more than 140 countries and regions worldwide, including mainstream markets in Europe, the United States, Japan, Southeast Asia and China, with overseas business accounting for about 40% of the total. Among which, some of our amino acid varieties ranking among the top three in terms of market share. Relying on technological breakthroughs and cost advantages, the core products have long served domestic and international high-quality customers including Fortune 500 companies, and established long-term and stable cooperative relationships with customers in the upstream and downstream of the industrial chain as well as a high brand awareness and market reputation worldwide, which has laid a solid customer base for the continuous and rapid growth of the segment's performance.

In the future, the Group will continue to rely on its world-leading new bio-method manufacturing technology in the field of high-quality amino acids, solid industrial base and industrial accumulation, rich amino acid product clusters, high-standard quality certification systems, strong international registration and commercialization capabilities, with a focus on high-end parenteral nutrition preparations, innovative peptide drugs, cell culture base and other pharmaceutical-related high value-added fields, as well as functional dietary supplements such as sports protection, special medical and infant food, beauty and pet food and other large health consumer areas. The extensive market space and huge development potential of the downstream segment will provide the Group's amino acid segment with strong and sustainable development momentum.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and profit

For the twelve months ended 31 December 2025, the business of the Group grew steadily and recorded a revenue of approximately HK$12,283.27 million (same period last year: HK$11,644.89 million), representing a year-on-year increase of 5.5%. Excluding the impact of centralized procurement, revenue in RMB terms[1] increased by 14.8% year-on-year. Revenue from innovative and barrier products[2] accounted for approximately 50% of total revenue (compared to 40% in the last year), representing an increase of nearly 10 percentage points. During the current period under review, the profit for the period attributable to the owners of the Company was approximately HK$1,240.87 million (same period last year: HK$2,468.38 million). During the period, the Group's aggregate fair value changes and disposal of investment in Telix amounted to a total loss of HK$253.38 million (revenue for same period last year: HK$707.72 million), a year-on-year decrease of HK$961.10 million compared to the same period last year. If the impact of the Telix investment on profits is excluded, the normalized profit for the period attributable to the owners of the Company[2] was approximately HK$1,494.26 million (same period last year: HK$1,760.65 million), which was mainly due to the price reduction in centralized procurement and the decrease of over HK$600.00 million in gross profit of the relevant products as compared to the same period last year. To mitigate the impact of centralized procurement price reductions, the Group stepped up its promotion of core innovative products and proactively increased strategic marketing investments. Marketing and promotion-related expenses for the year rose by over HK$500 million year-on-year, fully supporting the academic promotion and commercialization of its core innovative products, while continuing to build a professional, academic-driven high-end marketing system. The phased impact of centralized procurement price reductions on the Group has now been fully absorbed, and both annual revenue and gross profit increased compared with the previous year. Benefiting from the continuous improvement and rapid deployment of the Group's product pipeline in recent years, the aforementioned adverse effects have been completely digested. While the related strategic investments have had a temporary impact on the profit attributable to owners of the Company during the period, they have effectively reinforced the market foundation of core barrier products and accelerated the product commercialization process. These investments are expected to lay a solid foundation and provide strong momentum for the sustained growth of the Group's medium – to long-term operating performance.

During the period, the Group recorded a revenue of HK$1,282.08 million from the nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products, representing an increase of 57.1%, as compared with the same period of 2024 (approximately HK$816.21 million). In particular, we recorded a revenue of HK$948.87 million from the nuclear medicine anti-tumor sector, representing an increase of 61.0%, as compared with the same period of 2024 (approximately HK$589.46 million). The increase was primarily attributable to revenue growth driven by the rapid rise in clinical demand for core products and the swift ramp-up of new products, while the cerebro-cardiovascular precision interventional diagnosis and treatment segment recorded revenue of approximately HK$333.21 million.

During the period, the Group recorded a revenue of approximately HK$7,294.29 million, from pharmaceutical technology products, almost remaining the same as compared with the same period of 2024 (approximately HK$7,317.84 million). In particular, we recorded a revenue of approximately HK$1,830.48 million from the respiratory and critical and severe disease segment, representing an increase of 7.1% as compared with the same period of 2024 (approximately HK$1,709.26 million), mainly due to the continued growth in clinical demand for core products, the volume growth of the innovative products Enerzair® Breezhaler® and Atectura® Breezhaler®, as well as the rapid volume ramp-up of the new products budesonide nasal spray and fluticasone propionate nasal spray following their launch; a revenue of approximately HK$2,979.36 million from the ENT segment, representing an increase of 10.2% as compared with the same period of 2024 (approximately HK$2,704.30 million), mainly due to the sustained growth in clinical demand for core products and the revenue contribution from new products; and a revenue of approximately HK$1,820.14 million from the cerebro– cardiovascular emergency sector, representing a decrease of 16.4%, as compared with the same period of 2024 (approximately HK$2,176.24 million), mainly due to the fact that some products have been affected by the centralized procurement. Excluding the impact of the price reduction in centralized procurement, the cardiovascular emergency treatment sector recorded a year-on-year increase of 48.3%.

Management Discussion and Analysis

During the period, the Group recorded a revenue of approximately HK$3,706.91 million from biotechnology products, representing an increase of 5.6%, as compared with the same period of 2024 (approximately HK$3,510.84 million). In particular, we recorded a revenue of approximately HK$2,767.36 million from the amino acid segment (including taurine), remaining almost the same as compared with the same period of 2024 (approximately HK$2,762.28 million).

Notes:

1 Products subject to price reductions under the centralized procurement program are defined as those included in the 10th batch of the National Centralized Procurement Program, as well as those covered by the Alliance for the Centralized Procurement of Medicines Prone to Shortages and Critical Emergency Medicines.

2 Innovative and barrier products refer to the Company's original research products, products with exclusive market position, products with exclusive commercialization rights, and first-to-market generic products that break foreign monopolies.

3 Normalized profit attributable to owners of the Group for the period excludes the impact of fair value changes and disposal gains on the Telix investment. In 2020, the Group invested approximately AUD35.40 million in Telix, subscribing for approximately 20.95 million Telix shares at AUD1.69 per share. In August 2022, the Group sold 10 million Telix shares at AUD7.25 per share, receiving cash proceeds of AUD72.5 million. In addition to fully recovering its investment, the Group received an additional AUD37.5 million (equivalent to approximately HK$200 million) in cash. In February 2025, the Group sold approximately 4.95 million Telix shares at AUD28.90 per share, receiving cash proceeds of approximately AUD142.59 million (equivalent to approximately HK$689 million). As of 31 December 2025, the Telix share price was AUD 11.20 per share, and the Group still held 6 million Telix shares, with a shareholding value of approximately AUD67.20 million (equivalent to approximately HK$350 million).

Distribution costs and administrative expenses

For the twelve months ended 31 December 2025, the Group's distribution costs and administrative expenses were approximately HK$3,806.89 million and HK$1,389.09 million respectively as compared to approximately HK$3,256.89 million and HK$1,365.37 million. The distribution costs during the current period increased by approximately HK$550.00 million, which was mainly due to the increased marketing efforts for new products during the year. The administrative expenses also increased by approximately HK$23.72 million as compared to the corresponding period of last year mainly due to the consolidation of new subsidiaries and an increase in business during the period.

Finance costs

For the twelve months ended 31 December 2025, the Group's finance costs were approximately HK$162.34 million as compared to approximately HK$180.24 million for the corresponding period in 2024. The decrease in finance costs was due to a decrease in the overall interest rate as a result of loan replacement.

R&D and project investment

For the twelve months ended 31 December 2025, the Group continuously invested resources in the stages of research project and introduction of innovative projects. If including the R&D expenses and also the capitalized R&D expenses, prepayments for new projects and other investments, the Group's investment in R&D and various projects is approximately HK$1,460 million.

Receivables and payables

As of 31 December 2025, trade and other receivables of the Group amounted to approximately HK$4,679.49 million, representing an increase of HK$1,224.90 million as compared to the balance in 2024, ' This is mainly a result of the increase in business during the current period. Therefore, the current balance of trade receivables and notes receivable is HK$894.69 million compared to the balance at the end of last year.

Management Discussion and Analysis

As of 31 December 2025, the Group's trade and other payables amounted to approximately HK$3,936.68million, representing an increase of HK$1,008.60 million as compared to the balance in 2024., mainly due to the increase in trade and bills payables of approximately HK$601.07 million as a result of the increase in business during the period. Furthermore, in order to cope with the expansion of business scope, we accrued additional selling and operating expenses such as salaries, marketing and promotion expenses and R&D expenses amounted to approximately HK$378.05 million.

Significant investments

The Group's investments with value over 5% of value of its total assets are considered as significant investments. As of 31 December 2025, our significant investments include (i) Grand Pharma Sphere Pte Limited ("**Grand Pharma Sphere**") and (ii) Shanghai Xudong Haipu Pharmaceutical Company Limited ("**Xudong Haipu**").

Grand Pharma Sphere is the holding company of a group of companies principally engaged in the research and development, manufacturing and sales of nuclear medicine and tumor intervention products. The Group effectively owned approximately 57.98% equity interests of it. For the twelve months ended 31 December 2025, the Group's share of profit in Grand Pharma Sphere was approximately HK$37.19 million (for the twelve months ended 31 December 2024: profit attributable to the Company approximately HK$16.63 million).

Xudong Haipu and its subsidiaries is a group of companies principally engaged in the manufacturing and sales of pharmaceutical injections of various volumes. The Group effectively owned 55% equity interests of it. For the twelve months ended 31 December 2025, the Group's share of profit in Xudong Haipu was approximately HK$66.10 million (for the twelve months ended 31 December 2024: HK$123.77 million).

The quote fair value of significant investments in associates is not available, since the significant associates are private entities and do not have quoted market prices. The results and assets and liabilities of associates are incorporated in the consolidated financial statements of the Group using the equity method of accounting.

The Group may consider to make investments in these associates due to different criteria, mainly including:

1. Looking for opportunities to enter into new markets and expand product pools. For instance, the investment in Grand Pharma Sphere offered an opportunity for the Group to venture into the field of nuclear drug anti-tumor, and investment in other associates may help the Group get into other markets like grasp advanced technology and step into the global market of cardiovascular interventional medical devices;

2. Looking for synergy effect to the Group's existing products and markets. For example, Xudong Haipu's core product line may create synergy with the Group's preparation products, and enrich the Group's core product pool in the areas of emergency medications and cerebro-cardiovascular and respiratory products. It can also strengthen the Group's product quality, market share and brand in those areas; and

3. Seeking opportunities to cooperate with companies in early R&D stage and obtain the commercial rights for products with strong potentials.

For further details of the product research and development and business prospects of these associates, please refer to the section with heading "Business Review and Prospects" above.

Management Discussion and Analysis

Research and development

The Group has sufficient innovation pipeline. During the Period, there were accumulatively 131 projects under research and 39 innovation projects, which were in different stages from preclinical to new drug commercialization applications. The pipeline layout was reasonable, forming a good echelon effect.

R&D center

Currently, the Group is involved in and has established a number of R&D technology platforms and R&D centers around the world:

In the field of pharmaceutical technology, the International R&D Center in Optics Valley（光谷國際研發中心）in Wuhan, China is the main R&D body of the Group in the pharmaceutical technology field in China, providing technical support for the R&D of the Group's high-end preparation products; the Glycomics technology platform is located at the R&D center in Australia, focusing on the development of antiviral drugs; the mRNA technology platform is located in Nanjing, China, focusing on the development of anti-tumor and anti-infective mRNA drugs, and will further expand into the fields of rare disease and protein replacement therapy in the future.

In the segment of nuclear medicine anti-tumor diagnosis and treatment, the tumor intervention technology platform and the RDC technology platform involve the Boston R&D Center in the United States and the Chengdu Radiopharmaceutical Research and Development Center in China, respectively.

Regarding the cardiovascular and cerebrovascular precision interventional diagnostics and treatment segment, the Group's high-end medical device R&D technology platform consists of the Equipment R&D and Production Base in Optics Valley, Wuhan, the Production Base in Changzhou, and the Shanghai Device R&D Center.

R&D team

As a technology-based innovative pharmaceutical enterprise, the Group has long been committed to building a high-end innovative R&D talent system to promote the global development of innovative projects. During the year, the Group, together with its associates, has a total of more than 510 R&D personnel, of which nearly 390 are master's degree and doctoral degree holders, accounting for approximately 75%. All professional leaders and core team members of each segment have academic backgrounds in clinical medicine or pharmacy, while some of whom also have overseas education or working experience.

Development of generic drugs

During the period under review, the Company obtained drug registration certificates from the NMPA for its products of compound tropicamide eye drops, phenylephrine hydrochloride injection, minoxidil topical solution, neostigmine methylsulfate injection, flumazenil injection, epinephrine hydrochloride injection, praproprofen eye drops, dexrazoxane for injection, pasireotide diaspartate injection, finasteride tablets, fluticasone propionate nasal spray and ethanolamine tablets.

Consistency Evaluation

During the period under review, tropicamide compound eye drops, phenylephrine hydrochloride injection, minoxidil topical solution, neostigmine methylsulfate injection, flumazenil injection, isoproterenol hydrochloride injection, praproprofen eye drops, dexrazoxane for injection, sodium ibandronate injection, pasireotide diaspartate injection, isoproterenol hydrochloride injection, praproprofen eye drops, dexrazoxane for injection, sodium ibandronate injection, pasireotide diaspartate injection, finasteride tablets, fluticasone propionate nasal spray, eltrombopag ethanolamine tablets, aminophylline injection, phentolamine mesylate injection, metoprolol tartrate injection. New applications were made for compound polyethylene glycol (3350) electrolyte oral solution, acetylcysteine injection, metronidazole gel, fudosteine tablets, terbutaline sulfate inhalation solution, dexrazoxane for injection, linaclotide tablets, oseltamivir phosphate capsules、baloxavir marboxil tablets, rebredine hydrochloride oral solution, ivinabasin injection, iodine carbon injection, iodoxamine granules. Currently, the Group has a total of 64 products approved or deemed to have passed the consistency evaluation, with another 21 products under review.

Management Discussion and Analysis

Intellectual Property Protection

During the period under review, the Group had an addition of 124 patent applications. There were 87 new patents being granted, of which 46 were invention patents, accounting for 53%, and 5 new foreign patents being granted. The Group has accumulated 1,017 valid patents, of which 585 are valid invention patents. The Group attaches great importance to the protection of intellectual property rights in independent innovation projects, with 262 patents in the field of innovation. It has filed 64 new patent applications in innovative fields such as anti-infection, oncology, medical devices, and mRNA technology platforms, accounting for 52% of the Group's total new applications. Among them, core patents in the anti-infection field have been authorized in China, the United States, Europe, Japan, South Korea, Israel, Singapore, Australia, and other regions.

Commercialization Capability

The Group's performance continued to improve, and the continuous commercialization of innovative products and profit contribution cannot be separated from the continuous improvement of commercialization capabilities. As at the date of this report, the Group had over 5,000 sales personnel, of which more than 4,000 were in the pharmaceutical area (including OTC), covering more than 60,000 hospitals and primary medical and healthcare institutions in China, of which more than 13,000 were ranked hospitals. In the OTC area, we had over 1,000 sales personnel with a reach of more than 460,000 pharmacies in China. The cerebro-cardiovascular precision interventional diagnosis and treatment segment had a sales team comprising over 160 staff, covering approximately 1,700 hospitals. The nuclear medicine anti-tumor diagnosis and treatment segment has over 780 sales personnel worldwide, with its global sales network covering more than 50 countries and regions. It has also actively conducted the hospital admission and academic promotion of YiGanTai® Yttrium-90 microsphere injections in China.

International Standard

The Group continues to accelerate the pace of globalization and has a number of independently operating overseas companies in the fields of nuclear medicine anti-tumor diagnosis and treatment, cerebro-cardiovascular precision interventional diagnosis and treatment, and critical and severe diseases, etc. The Group has advanced overseas clinical trials of a number of global innovative products and obtained 8 clinical approvals in five countries, including the United States, Australia, Belgium, Poland and the United Kingdom, involving a number of indications such as primary liver cancer, solid tumor and sepsis. Currently, the Group has over 330 employees overseas.

Material Investment, M&A and Cooperation

The Group continued to implement the development strategy of "self-development + global expansion", further exploring high–quality innovative projects around the world to expand the Group's product pipeline and enhance the Group's comprehensive strengths and putting vigorous efforts in transformation towards innovation and internationalization. During the reporting period, the Group has carried out the following material investment, M&A and cooperation:

- Acquisition of the Remaining Equity Interest in Nanjing Kainite (南京凱尼特)
  In March 2025, Grand Pharmaceuticals (China) Co., Ltd. ("**Grand Pharmaceuticals (China)**") (遠大醫藥(中國)有限公司), a subsidiary of the Group, acquired the 30.64% equity interest in Nanjing Kainite held by Nanjing Chuangyi Dongyin Equity Investment Partnership (南京創熠東銀股權投資合夥企業) ("**Nanjing Fund**") and Shanghai Hongsheng Enterprise Management Partnership (上海洪升企業管理合夥企業) ("**Shanghai Hongsheng**") for RMB109.3848 million. The equity change registration has now been completed, and the Group now holds a 59.91% stake in Nanjing Kainite, making it a non-wholly owned subsidiary of the Group. Nanjing Kainite is a key component in the Group's development of an integrated platform for independent R&D, production, and sales of high-end medical devices. It undertakes the Group's core tasks, including innovative R&D, product iteration, localized production, and market promotion of its passive device products. This acquisition will help realize the Group's strategic plan for "heart and brain co-treatment" in its cardiovascular precision interventional diagnostic and treatment segment, while also providing new momentum for the segment's performance growth.

Management Discussion and Analysis

- Acquisition of Equity Interest in Grand Beilin (Qinghai)
  In March 2025, Grand Beilin (Xi'an) Pharmaceutical Co., Ltd. (formerly known as Xi'an Beilin Pharmaceutical Co., Ltd.) ("**Grand Beilin (Xi'an)**", a subsidiary of the Group, signed an equity acquisition agreement with the original shareholders of Grand Beilin (Qinghai) Pharmaceutical Co., Ltd. (formerly known as Qinghai Yixin Pharmaceutical Co., Ltd., "**Grand Beilin (Qinghai)**"). Pursuant to the agreement, upon satisfaction of certain conditions, Grand Beilin (Xi'an) will acquire 80% of the equity interest in Grand Beilin (Qinghai) for a total consideration of RMB392 million. This acquisition will also grant rights to a number of exclusive Chinese patent medicines, including Dan Zhen Headache Capsules and Li Shu Kang Capsules. The equity change registration has been completed, and Grand Beilin (Qinghai) has become a non-wholly owned subsidiary of the Group. Through this acquisition, the Group will fully integrate Grand Beilin (Qinghai). The two companies' products possess strong synergies, enabling a powerful combination of resources, enriching the Group's product pipeline, further consolidating and enhancing the Group's overall market competitiveness in the field of traditional Chinese medicine for chronic disease treatments, and driving the continued growth of the Group's ENT segment.

- Introduction of the World's First Adrenaline Nasal Spray
  In December 2025, the Group entered into a product cooperation agreement with Pediatrix Therapeutics Technology (Shanghai) Co. Ltd.(祐兒醫藥科技(上海)有限公司, "**Pediatrix Therapeutics**"). The Group will acquire the exclusive commercialization rights in Mainland China through cooperative channels and the nonexclusive commercialization rights in Hong Kong Special Administrative Region for Neffy®, the world's first adrenaline nasal spray for emergency treatment of type I allergic reactions (including severe allergic reactions) in adults and children weighing over 30kg (2mg specification) and children weighing 15-30kg (1mg specification). Neffy®, is the first noninjectable treatment product approved by the FDA for type I hypersensitivity reactions in 35 years. It is expected to improve the accessibility of adrenaline treatment products for patients with severe allergic reactions in China, and fill the gap in the use of emergency drugs for severe allergic reactions outside of hospitals. The Group will fully leverage its extensive departmental resources and established distribution network in the field of emergency care to accelerate its academic promotion and market education, facilitating products' rapid sales growth. With its unique portability and user-friendly operation, Neffy® is expected to quickly penetrate various out-of-hospital scenarios, including homes, schools, and travel, becoming a new growth engine for the Group's cerebro-cardiovascular emergency segment.

- Acquisition of the Entire Equity Interests in Yuanda Jiufu and Baoding Jiahe
  In December 2025, the subsidiary of the Group, Grand Pharm (China) Company Limited ("**Hubei Yuanda**") entered into a share purchase agreement with the former shareholders of Hebei Yuanda Jiufu Biotechnology Co., Ltd. ("**Yuanda Jiufu**") and Baoding Jiahe Fine Chemical Co., Ltd. ("**Baoding Jiahe**"). Pursuant to the terms of the agreement, once the conditions are met, Hubei Yuanda will acquire the entire equity interests in Yuanda Jiufu and Baoding Jiahe for a total consideration of RMB316 million. The Transaction represents a significant strategic initiative by the Group to implement its core operational philosophy of 'New Technologies, High Quality, Industrial Chain Integration, and Internationalization', establishing multiple core advantages through industrial chain synergy. Upstream, the Target Companies'mature technologies in fermentation engineering and enzyme engineering will integrate deeply with the Group's eight synthetic biology technology platforms, further solidifying technological barriers. Its stable supply of multiple core amino acid raw materials will directly secure upstream provision for the Group's high-quality amino acid products, optimizing supply chain cost structures while enhancing industrial chain security and stability. Midstream, the Target Companies' specialized amino acid product pipeline– including food-grade glycine, citrulline, and serine – will enrich the Group's biotechnology product matrix, strengthen its high-quality amino acid portfolio, and support the Group's strategy of diversifying amino acid extensions. Downstream, the Target Companies' established client resources in human nutrition, personal care, and daily chemical sectors will complement the Group's global biotechnology sales network. By integrating channel resources, this will accelerate market penetration for the Group's health-focused end products, achieving synergistic industrial chain development. The Transaction will comprehensively strengthen the Group's integrated industrial chain layout in the biotechnology sector, enhance core competitiveness and global market influence, and lay a solid foundation for implementing the Company's diversification strategy in biotechnology.

Management Discussion and Analysis

INVESTOR RELATIONS

The Group has been committing to improving its corporate governance to ensure the long-term development. During the year, the Group published annual reports, annual results announcements, and other announcements and circulars on the websites of the Company and the Hong Kong Exchanges and Clearing Limited, and issued voluntary announcements, so as to disclose the latest business developments of the Group to shareholders and investors.

At the same time, the Group actively maintains close communication with investors through various channels, including securities company roadshows, large-scale telephone conferences, one-on-one meetings and other diversified communication methods, to introduce the Group's business situation, development progress and overseas member companies' businesses to investors, and simultaneously releases the latest business updates through different media channels, aiming to build an open, two-way, transparent and sincere communication platform, so that investors can keep abreast of the Group's business progress and development prospects. During the year, the Group actively communicated with the capital market and investors through promotional activities such as results announcements and investor open days, and participated in a number of summits, forums, strategy conferences and special roadshows held by large investment banks and securities companies, attracting hundreds of institutional investors and analysts. Through communication with investors, the Group hopes to listen to more valuable opinions and extensively collect feedback from investors by establishing an active and efficient information and communication mechanism, so as to further enhance its corporate governance.

The Group's investor relations management efforts have helped establish a high-quality corporate image and communicate its core strategy of technological innovation, earning widespread recognition within the industry across multiple dimensions. In November 2025, the company was honored on E-Pharma Manager's "2025 Top 20 Chinese Pharmaceutical Listed Companies in ESG Competitiveness" list; in December 2025, it received the "Best Stock Connect Company Award" at the 10th Zhitong Finance Listed Company Awards and the "Best Investor Relations Award for Hong Kong and U.S. Stocks" on the 2025 Tonghuashun Annual Listed Company Rankings; In January 2026, the Group was honored on the 12th "Top 100 Hong Kong Stocks" Annual Pharmaceutical and Healthcare Innovation Pioneer List, as well as the 2nd JuDongmi "Top 100 IRM Companies (Top 20)" and the 2nd JuDongmi "Top 100 ESG Companies (Top 20)"; in January 2025, the Investor Relations team was awarded the "Best Investor Relations Team Award" by Huasheng Tong. In addition, the Group was included as a constituent stock of the "HKEX Tech 100 Index" in December 2025.

OTHER SIGNIFICANT MATTERS

Share Option Scheme

As at 31 December 2025, the Company did not adopt any share option scheme and no outstanding share options.

As at 31 December 2025, no share options were granted or exercised under any share option scheme, and there were no outstanding share options.

Financial Resources and Liquidity

As at 31 December 2025, the Group had current assets of HK$8,307.53 million (31 December 2024: HK$8,025.52 million) and current liabilities of HK$7,316.71 million (31 December 2024: HK$6,573.22 million). The current ratio was 1.14 at 31 December 2025 as compared with 1.22 at 31 December 2024. The Group's cash and bank balances as at 31 December 2025 amounted to HK$1,142.37 million (31 December 2024: HK$1,340.98 million), of which approximately 16.5% was denominated in Hong Kong dollars, United States Dollars, Australian Dollars, Euros and other currencies, and 83.5% in RMB.

Management Discussion and Analysis

As at 31 December 2025, the Group had outstanding bank loans of approximately HK$4,669.48 million (31 December 2024: HK$4,359.16 million) were granted by banks in the PRC and Hong Kong. All bank loans were denominated in RMB and HK$. The interest rates charged by banks ranged from 2.20% to 4.98% (31 December 2024: 2.20% to 5.58%) per annum, in which approximately HK$1,474.50 million bank loans were charged at fixed interest rate. The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was approximately 27.2% as at 31 December 2025 while it was also approximately 26.4% as at 31 December 2024.

Since the Group's principal activities are in the PRC and the financial resources available, including cash on hand and bank borrowings, are mainly in RMB and Hong Kong Dollars, the exposure to foreign exchange fluctuations is relatively low.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2025, the Group did not have foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected directly or indirectly, by a number of risks and uncertainties pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, being foreign exchange rates and interest rates. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Rates Risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. During the year ended 31 December 2025, the Group did not carry out other hedging activity against foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may have a financial impact on the Group.

Interest Rate Risk

For interest-sensitive products and investments, the Group analyses its interest rate exposure on a dynamic basis and considers managing the risk in a cost-effective manner when appropriate, through variety of means.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Management Discussion and Analysis

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorisation system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of the Group would be submitted to the Board.

Economic Environment

Most of the Group's facilities, operations and its revenue are located in and derived from Mainland China and Hong Kong, the PRC. The Group's results of operations and financial condition therefore depend on the economies of Mainland China and Hong Kong, the PRC. The economy of Hong Kong is significantly affected by the developments in the Mainland China and the Asia-Pacific region. Mainland China's economy may experience negative economic developments, and other regional economies may also deteriorate.

The Group also has significant business across the PRC and part of its growth strategy is to expand into new regions. These regions have also been adversely affected by the global economic slowdown and any continued slowdown may have an adverse effect on the Group's existing operations in, and planned expansion into, these regions.

Environmental Policies

The Group is committed to contributing to the sustainability of the environment and is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize its environmental impact by reducing water consumption and encouraging recycle of office supplies and other materials.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2025, as far as the Company is aware, there was no material breach of or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the business and operations of the Group.

Key Relationships

(i) Employees

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group aims to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

(ii) Suppliers

The Group has developed long-standing relationships with a number of suppliers and take a great care to ensure that they share its commitment to quality and ethics. The Group cautiously selects its suppliers and requires them to satisfy certain assessment criteria including experience, reputation and quality control effectiveness.

(iii) Customers

The Group is committed to offer quality products to its customers and keep them informed its latest business developments.

Management Discussion and Analysis

Employees and Remuneration Policy

As at 31 December 2025, the Group employed about 12,614 staff and workers in Hong Kong and the PRC (31 December 2024: 11,987). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

SIGNIFICANT INVESTMENT

Save as disclosed above, there was no other significant investment during the year.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 December 2025, the Group as lessor had operating lease commitments of HK$1.63 million (31 December 2024: HK$2.22 million).

As at 31 December 2025, the Group had capital commitments of HK$1,447.10 million (31 December 2024: HK$2,239.60 million).

CONTINGENT LIABILITIES

As at 31 December 2025, the Directors were not aware of any material contingent liabilities.

APPRECIATION

On behalf of the board of Directors (the "**Board**"), I would like to express my gratitude to our management and staff for their dedication and contribution to the Group, and our shareholders and business associates for their continued support throughout the year.

Dr. Tang Wei Kun
Chairman

Hong Kong, 26 March 2026

Corporate Governance Report

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "Code Provisions") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange during the year ended 31 December 2025. This report also provides the status of the Company's compliance with the Corporate Governance Report as set out in Appendix C1 of the Listing Rules as follows:

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries of all Directors, the Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2025.

BOARD OF DIRECTORS

The Board is responsible for formulating and reviewing business strategies and directions, overseeing the management and monitoring the performance of the Group. While the management is delegated by the Board to execute these business strategies and directions and is responsible for the daily operations of the Group.

Currently, the Board comprises 4 executive Directors – Dr. Tang Weikun, Mr. Zhou Chao, Mr. Yang Guang and Ms. Lam Chit Yee Jessica and 4 independent non-executive Directors – Ms. So Tosi Wan, Winnie, Dr. Xing Li Na, Mr. Hu Yebi and Dr. Pei Geng. Dr. Tang Weikun is the Chairman and Mr. Zhou Chao is the Chief Executive Officer. There is no relationship among members of the Board.

The roles of the Chairman and the Chief Executive Officer are clearly defined and segregated to ensure independence and proper checks and balances. Dr. Tang, as Chairman of the Board, with his strategic vision, provides leadership to the Board and gives direction in the development of the Group, which is of added benefit to the check and balance mechanism of the Group. Mr. Zhou, as the Chief Executive Officer, focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

The Board believes that the balance between executive and non-executive Directors is reasonable and adequate to provide check and balance that safeguard the interests of shareholders and the Group.

The Company has received annual confirmation of independence from all independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent and meet the independent guidelines set out in the Listing Rules.

All Directors are appointed for a term of one year and are subject to retirement by rotation and re-election at the general meetings in accordance with the Company's Bye-Laws.

BOARD AND SENIOR MANAGEMENT DIVERSITY POLICY

The Company has implemented a board and senior management diversity policy with the aim to set out the approach to achieve diversity in the Board and at the senior management level. The Company sees increasing diversity at Board and senior management level as essential to supporting attainment of its strategic objectives and to achieve sustainable and balanced development. In designing the composition of the Board and the senior management, the diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity. It should have a balance of skills and experience and a diversity of perspectives appropriate to the requirements of the Company's business.

The Company recognizes and embraces the benefits of having a diverse Board and senior management team to enhance the quality of its performance. Currently the Board and senior management team comprises 8 male and 3 female.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

During the year ended 31 December 2025, all the Directors have participated in continuous professional development as required under Rules 3.09F and 3.09G of the Listing Rules, as detailed below. There were no first-time directors appointed in 2025.

Each of the Directors have completed training in 2025 as set out in the table below:

Type of training	Subject of training	Provider	Total number of hours
Self study (Reading relevant materials)	Summary of Amendments to Corporate Governance Code and Listing Rules	N/A	1.0
Self study (Reading relevant materials)	Corporate Governance Guide for Boards and Directors	N/A	3.0
Training (online attendance)	Board and Directors' duties, Listing Rules and Hong Kong law compliance, Corporate Governance, Risk Management and Internal Controls	External legal adviser (qualified Hong Kong lawyer)	1.0
Training (online attendance)	Anti-corruption and Anti-bribery laws and regulations in the PRC applicable to healthcare industry	External legal adviser (PRC qualified lawyer)	1.0
Training (physical for executive directors, online for other directors)	Industry and business update	Internal (Chairman)	2.0

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference for the purpose of monitoring the integrity of the financial statements and overseeing the financial reporting process and the internal control system of the Group. The Audit Committee is also responsible for the appointment of external auditors and assessment of their qualifications, independence and performance.

Currently, the Audit Committee consists of four independent non-executive Directors namely, Ms. So Tosi Wan, Winnie (Chairwoman), Dr. Xing Li Na, Mr. Hu Yebi and Dr. Pei Geng. Ms. So Tosi Wan, Winnie, has appropriate professional qualifications as required by 3.10(2) of the Listing Rules.

The Audit Committee held three meetings during the year ended 31 December 2025 and reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the interim and annual financial statements. The Audit Committee also met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending the financial statements to the Board for approval. There was no disagreement between management and the external auditors with regard to the interim and annual financial statements.

Corporate Governance Report

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference. Currently, the Remuneration Committee is chaired by Ms. So Tosi Wan, Winnie with executive Directors Dr. Tang Weikun and Ms. Lam Chit Yee Jessica, and an independent non-executive Director Mr. Hu Yebi as members.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and reviewing specific remuneration package of all Directors and senior management including any compensation payable for loss or termination of their office and appointment. The remuneration should reflect the performance, complexity of duties and responsibility of the individual. The Remuneration Committee met three times during the year to review the remuneration policy for all Directors and senior management and considered the revised terms of reference of the Nomination Committee.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to market practices and prevailing market rates. The remuneration policy for the independent non-executive Directors is to ensure that the independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to the responsibilities, experience and prevailing market rates for independent non-executive directors.

The remuneration of Directors and senior management comprises salary, pensions and discretionary bonus. Details of the Directors' and senior managements' emoluments for the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference. Currently, the Nomination Committee is chaired by Ms. So Tosi Wan, Winnie with an executive Director Mr. Zhou Chao and an independent non–executive Director Mr. Hu Yebi as members.

The Nomination Committee is responsible for assisting the Board in the overall management of the nomination practices of the Company to ensure that effective policies, processes and practices are implemented in respect of the appointment and removal of Directors. The Nomination Committee considers the past performance, qualification, general market conditions and the Company's Bye-laws in seeking and recommending candidates for directorship.

The Nomination Committee held three meetings in 2025 to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and other related matters of the Company.

Corporate Governance Report

ATTENDANCE RECORD AT MEETINGS

The attendance records of each Director at the various meetings of the Company during the year ended 31 December 2025 are set out as below:

	Meetings Attended/Held				
Directors	Annual General Meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dr. Tang Weikun	1/1	37/37	N/A	3/3	N/A
Mr. Zhou Chao	1/1	37/37	N/A	N/A	3/3
Mr. Yang Guang	1/1	37/37	N/A	N/A	N/A
Ms. Lam Chit Yee Jessica	1/1	37/37	N/A	3/3	N/A
Ms. So Tosi Wan, Winnie	1/1	37/37	3/3	3/3	3/3
Mr. Hu Yebi	1/1	37/37	3/3	3/3	3/3
Dr. Pei Geng	0/1	37/37	3/3	N/A	N/A
Dr. Xing Li Na	1/1	37/37	3/3	N/A	N/A

AUDITORS' REMUNERATION

During the year, the auditors performed the work of statutory audit for the year of 2025. Audit fees for the year under review payable/paid to the auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to HK$4,350,000.

FINANCIAL REPORTING

The Board has overall responsibility for preparing the accounts of the Group. In preparing the accounts, the generally accepted accounting policies in Hong Kong have been adopted and the Group has complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been applied consistently. The Directors are not aware of any other material uncertainties relating to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The Company has an internal audit team which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems and reports to the Board. The Board also ensures that the review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

During the financial year ended 31 December 2025, the Board has conducted its regular and annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management. The Audit Committee of the Company also performs regular review of the Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. Such review in the financial year ended 31 December 2025 did not reveal any major issues and the Board considers our risk management and internal control systems effective and adequate. The Group's review procedures involved in the risk management and internal control mainly included:

Corporate Governance Report

(1) A list of risks was created after the scope of risks was determined and risks were identified.

(2) The impacts brought by possible financial losses due to risks on operating efficiency, continuous development, and reputation were assessed with reference to possible occurrence of various potential risks and the attention drawn from the management of the Group, based on which the priority of the risks was determined.

(3) Our risk management measures with respect to material risks were identified, internal control over the design and implementation of risk management measures were assessed, and measures to improve the weaknesses were formulated.

(4) By assessing internal controls and management's implementation of rectification measures with respect to material risks, the Group regularly reviewed and summarized the risk management and internal control systems to realize the efficient operation and constant improvement of risk management.

(5) The risk management handbook was formulated to address risk management and internal control, pursuant to which, the terms of reference of the management, the Board, and the Audit Committee with respect to their risk management work were clearly determined, and risk management and internal control systems were monitored on an ongoing basis.

(6) The management submitted reports to the Audit Committee on regular reviews and assessment results with respect to risk management and internal control systems, material risk factors, and the relevant countermeasures.

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

(1) The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

(2) Confidentiality agreements or confidentiality clauses are in place when the Group enters into significant negotiations.

(3) The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

WHISTLEBLOWING POLICY

We have adopted a whistleblowing policy, which allows employees and relevant third parties who deal with the Group to voice concerns, in confidence and anonymity, with the integrity department of the Company about misconduct, malpractice or irregularities in any matters related to the Group who then conducts an investigation into the matter and later report on the findings of such investigation to the Audit Committee.

The Audit Committee shall review the possible arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted the terms of reference on corporate governance functions. The terms of reference of the Board in respect of corporate governance function are summarised as follows:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;

Corporate Governance Report

- to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Code Provisions and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions during the year ended 31 December 2025 included developing and reviewing the Company's policies on corporate governance and review the Company's compliance with the Code Provisions.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company establishes different communication channels with shareholders and investors. Electronic version or printed copies of the annual and interim reports and circulars are sent based on shareholders' selected communication method to shareholders based on the method they chose. Shareholders are encouraged to attend general meetings of the Company which allows the Directors to meet and communicate with them.

SHAREHOLDERS' RIGHTS

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders of the Company or not less than 100 shareholders can put forward any proposed resolution or the business to be dealt with at general meetings of the Company by depositing a requisition in writing at the principal office of the Company. The requisition must be signed by the relevant shareholder(s).

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Unit 3302, The Center,
99 Queen's Road Central, Hong Kong
Email: victor.foo@chinagrandpharm.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

In 2023, the Company adopted certain amendments to the Bye-laws of the Company in order to bring the Bye-laws in line with (i) the relevant requirements of the Listing Rules, including the core shareholder protection standards set out in Appendix A1 to the Listing Rules, and the applicable laws of Bermuda; and (ii) making other housekeeping amendments, including consequential amendments in line with the above amendments to the Existing Bye-laws. The amended Bye-laws of the Company is available on the websites of the Company and the Stock Exchange.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and associates at 31 December 2025 are set out in notes 21 and 19 to the consolidated financial statements respectively.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the section "Management Discussion and Analysis" on pages 18 to 48 of this annual report.

Description of principal risks and uncertainties that may be faced by the Group can be found in the section "Management Discussion and Analysis – Principal Risks and Uncertainties" on pages 56 to 58 of this annual report.

An analysis of the Group's performance during the year using financial key performance indicators is set out in the section "Management Discussion and Analysis – Financial Resources and Liquidity" on page 55 of this annual report. In addition, discussions on the Group's environmental policies and compliance with relevant laws and regulations which may have a significant impact on the Group are set out in the section "Management Discussion and Analysis – Environmental Policies" and "Management Discussion and Analysis – Compliance with Relevant Laws and Regulations" separately on page 57 of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Group at that date are set out on pages 85 to 216.

DIVIDEND POLICY

The Company has adopted a dividend policy, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for future growth of the Group. The Board shall consider the following factors before recommending or declaring dividends:

i. The Company's actual and expected financial performance;

ii. Retained earnings and distributable reserves of the Company and each of the members of the Group;

iii. The Group's working capital, capital expenditure requirements and future expansion plans;

iv. The Group's liquidity position;

v. General economic conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

vi. Other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Bermuda and the Company's Bye-laws. The Board will review the dividend policy from time to time and there can be no assurance that dividend will be paid in any particular amount for any given period.

Report of the Directors

DIVIDEND

The Board recommends the payment of final dividend of approximately HK$591.806 million at 16.9 HK cents per share (2024: HK$910.471 million at 26 HK cents per share) for the year ended 31 December 2025. No interim dividend was declared during the year (2024: Nil).

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements respectively. As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the relevant laws and regulations of Bermuda, amounted to approximately HK$7,333,064,000 (2024: approximately HK$7,640,695,000).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group during the year are set out in note 31 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Dr. Tang Weikun
Mr. Zhou Chao
Mr. Yang Guang
Ms. Lam Chit Yee Jessica

Independent Non-executive Directors

Ms. So Tosi Wan, Winnie
Dr. Xing Li Na
Mr. Hu Yebi
Dr. Pei Geng

Pursuant to bye-law 87(1), Mr. Zhou Chao, Mr. Hu Yebi and Dr. Pei Geng will retire from office at the forthcoming annual general meeting. Mr. Zhou Chao, Mr. Hu Yebi and Dr. Pei Geng, being eligible, offer themselves for re-election of the forthcoming annual general meeting.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

There is no unexpired service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation. Each of the independent non-executive Directors has been appointed pursuant to a letter of appointment for a term of one year, which is renewable automatically for successive terms of one year after the expiry of the term of appointment, unless terminated by not less than three months' notice in writing served by either party.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which Directors had a material interest, subsisted at the end of the year or at any time during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed about 12,614 staff and workers in Hong Kong and the PRC (31 December 2024: 11,987). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

COMPETING INTEREST

No Directors or the management shareholders of the Company (as defined in the Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

RELATED PARTY TRANSACTIONS

For the year ended 31 December 2025, the related party transactions entered by the Group are all disclosed note 40 in the consolidated financial statements and in the section "Continuing Connected Transactions" in the Report of the Directors below, and had complied with the relevant requirements under Chapter 14A of the Listing Rules. Save as mentioned in these 2 sections, there were no other discloseable non-exempted connected transactions or non– exempted continuing connected transactions under the Listing Rules. To the extent of the related party transactions as disclosed in note 40 to the financial statements constituted connected transaction or continuing connected transaction, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2025, the Group has entered the following continuing connected transactions which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules:

(1) On 30 June 2023, Grand Pharm (China) entered into an agreement (the "Huadong Medicine Supply Agreement") with Huadong Medicine. Pursuant to the Huadong Medicine Supply Agreement, Grand Pharm (China) or its related companies shall supply pharmaceutical preparations, raw materials and related services to Huadong Medicine or its related companies, and the maximum annual amount of products to be sold by the Group to Huadong Medicine for each of the year ended 31 December 2024 and 31 December 2025 shall not exceed RMB142.00 million and RMB143.00 million respectively (the "Huadong Medicine Supply Caps"). In 2025, the transaction amount under Huadong Medicine Supply Agreement was approximately RMB86.949 million.

(2) On 30 June 2023, Grand Pharm (China) entered into a purchase agreement (the "Yuanda Jiufu Purchase Agreement") with Hebei Yuanda Jiufu Biotechnology Co., Ltd. ("Yuanda Jiufu"). Pursuant to the Yuanda Jiufu Purchase Agreement, Grand Pharm (China) or its related companies shall purchase raw materials for the production of steroid hormone products and other pharmaceutical products from Yuanda Jiufu or its related companies, and the maximum annual amount of products to be purchased by Yuanda Jiufu from the Group for each of the year ended 31 December 2024 and 31 December 2025 shall not exceed RMB165.00 million and RMB196.00 million respectively (the "Yuanda Jiufu Purchase Caps"). In 2025, the transaction amount under Yuanda Jiufu Purchase Agreement was approximately RMB122.203 million.

(3) On 30 June 2023, Grand Pharm (China) entered into a sub-contracting agreement (the "Yuanda Jiufu Sub-contracting Agreement") with Yuanda Jiufu. Pursuant to the Yuanda Jiufu Sub-contracting Agreement, Grand Pharm (China) shall engage Yuanda Jiufu and its related companies for the provision of processing services for the production of amino acid products and other pharmaceutical products, and the maximum annual amount of processed products to be consigned by the Group to Yuanda Jiufu for each of the year ended 31 December 2024 and 31 December 2025 shall not exceed RMB85.00 million and RMB86.00 million respectively (the "Yuanda Jiufu Sub-contracting Caps"). In 2025, the transaction amount under Yuanda Jiufu Sub-contracting Agreement was approximately RMB16.074 million.

(4) On 15 November 2024, Beijing Purevalley Biotechnology Co., Ltd. (an indirect non wholly-owned subsidiary of the Company) ("Beijing Purevalley") and Chengdu Purevalley Medical Technology Co., Ltd. (an indirect non wholly-owned subsidiary of the Company) ("Chengdu Purevalley") entered into the 2024 Distribution Agreement with Sirtex Medical, respectively. Pursuant to the 2024 Distribution Agreement, Beijing Purevalley and Chengdu Purevalley act as the exclusive distributors for the resale of products, with the Group's aggregate purchase caps from Sirtex Medical for the periods from the effective date of the terms until 31 December 2024 and from 1 January 2025 to 14 November 2025 being RMB67,155,000 and RMB54,945,000 respectively. In 2025, the purchase amount under the 2024 Distribution Agreement is approximately RMB87.409 million.

(5) On 27 August 2025, Grand Pharm (China) entered into a sales agreement (the "Yuanda Jiufu Sales Agreement") with Yuanda Jiufu. Pursuant to the Yuanda Jiufu Sales Agreement, Grand Pharm (China) or its related companies shall sell raw materials for the production of steroid hormone products and other pharmaceutical products to Yuanda Jiufu or its related companies. Pursuant to the Yuanda Jiufu Sales Agreement, the maximum annual amount of products to be sold for the year ended 31 December 2025 shall not exceed RMB80.00 million (the "Yuanda Jiufu sales Caps"). In 2025, the transaction amount under Yuanda Jiufu Sales Agreement was approximately RMB44.021 million.

Report of the Directors

As Huadong Medicine and Baoding Jiufu are regarded as connected persons of the Company since they are associates of the China Grand (which is a substantial shareholder of the Company), and the subject matters of each of the Huadong Medicine Supply Agreement, Yuanda Jiufu Purchase Agreement, Yuanda Jiufu Sales Agreement, and Yuanda Jiufu Sub-Contracting Agreement (collectively known as the "China Grand Continuing Connected Transaction Agreements") are similar in nature, pursuant to Rule 14A.81 of the Listing Rules the transactions between the Group and each of these companies would be aggregated. As the aggregated amount of the Huadong Medicine Supply Caps, Yuanda Jiufu Purchase Caps, Yuanda Jiufu Sales Caps and Yuanda Jiufu Sub-Contracting Caps exceed HK$10 million per annum, the transactions contemplated under the China Grand Continuing Connected Transaction Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to May 2025, the principal stakeholder of the holding company of Sirtex Medical was a substantial shareholder of the Company, therefore Sirtex Medical was considered a connected person of the Company. As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the 2024 Distribution Agreement exceed 0.1%, but all are less than 5%, the transactions under the Distribution Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that these transactions were entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those available to or from independent third parties; and

(iii) in accordance with the China Grand Continuing Connected Transaction Agreements and 2024 Distribution Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company have reviewed the continuing connected transactions and confirmed in a letter (the "Letter") to the Board (a copy of which has been provided to the Stock Exchange). The Auditors of the Company have:

(i) found that the continuing connected transactions have received the approval of the Board of Directors of the Company;

(ii) obtained the relevant agreements governing each of the continuing connected transactions from management;

(iii) found that the prices charged for each of the transactions selected were in accordance with the pricing terms set out in the relevant agreements governing such transactions or where the related agreement did not clearly specify a price, the prices charged were consistent with the prices charged for comparable transactions that were identified by management; and

(iv) found that the continuing connected transactions have not exceed the cap amounts disclosed in previous announcements dated 30 June 2023, 15 November 2024 and 27 August 2025 made by the Company in respect of each of the continuing connected transactions.

Report of the Directors

SHARE OPTION SCHEME

As at 31 December 2025, the Company did not adopt any share option scheme and no outstanding share options.

No share options were granted or exercised under any share option scheme, and there were no outstanding share options as at 31 December 2025.

SHARE AWARD SCHEME

On 1 September 2021, the Company has adopted the Share Award Scheme ("Scheme") in which the Group's employees, directors or consultants will be entitled to participate. Details of the Scheme are set out in the Company's announcement dated 1 September 2021.

The Group has paid to the trust established for the Scheme approximately HK$278.56 million, and including the dividend belongs to the shares acquired previously, the trustee used approximately HK$268.50 million to purchase 47,761,500 shares of the Company ("Shares") as part of the trust fund, and such Shares are held by the trustee for the benefit of the eligible participants under the trust and are the total number of award shares available for grant under the Scheme, representing approximately 1.35% of the issued Shares of the Company. Where the trustee has received instructions from the Group to acquire Shares and necessary funds, the trustee shall acquire such number of Shares on-market at the prevailing market price as soon as reasonably practicable.

PURPOSE OF THE SCHEME

The purpose of the Scheme is to recognise the contributions of the Selected Participants and provide them with incentives in order to retain them for the continual operation, growth and development of the Group.

REMAINING TERM OF THE SCHEME

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme shall be valid and effective for the Scheme Period, i.e. a term of 10 years commencing on the Effective Date. As of 31 December 2025, the Scheme has approximately six years remaining in force.

Save for the aforesaid, as at 31 December 2025, the Group did not grand any awards nor caused to pay the trustee the trust fund for purchase nor subscription of Shares. When any awards were granted later, the number of Shares to be awarded, award price, vesting criteria and vesting schedule of awards of each participant will be subject to the applicable Listing Rules and other applicable regulations by that time, and will inform the participants in the form of an award letter. The Board shall not make any award of Shares which will result in the aggregate number of the Shares awarded by the Board under the Scheme exceeding 5% of the number of issued Shares of the Company as at the adoption date of the Scheme (i.e. 177,478,557 Shares), and the maximum entitlement of each participant under the Scheme in every 12-months in aggregate shall not exceed 1% of the issued Shares as at the adoption date of the Scheme (i.e. 35,495,711 Shares).

Report of the Directors

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

As at 31 December 2025, the Directors and the chief executive of the Company, and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Long positions in the shares of the Company:

Name of Director and chief Executive of the Company	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share Capital
Tang Weikun	Beneficial owner	1,000,000	0.03%
Zhou Chao	Beneficial owner	452,500	0.01%
Ms. Lam Chit Yee Jessica	Beneficial owner	579,000	0.02%

Apart from the foregoing, none of the Directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO.

PERMITTED INDEMNITY PROVISION

The articles of associations of the Company provides that the Directors or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged appropriate insurance cover or other relevant arrangement in respect of potential legal actions against its Directors and senior management members as well as directors of the subsidiaries of the Group.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

Long and short positions in the shares of the Company:

Name of Shareholders	Notes	Number of the shares interested	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Outwit Investments Limited ("Outwit")	1	1,896,044,240 (L)	Beneficial owner	53.42 (L)
Grand (Hongkong) International Investments Holdings Limited ("Grand Investment")	1	1,896,044,240 (L)	Interest of controlled corporation	53.42 (L)
China Grand Enterprises Incorporation ("China Grand")	1	1,896,044,240 (L)	Interest of controlled corporation	53.42 (L)
Mr. Hu Kaijun ("Mr. Hu")	1 & 2 & 3	1,999,230,302 (L)	Interest of controlled corporation	56.32 (L)
	2	61,666,062 (S)	Interest of controlled corporation	1.74(S)
Ms. Chau Tung	1 & 2 & 3	1,999,230,302 (L)	Beneficial owner/Interest in spouse	56.32 (L)
CDH Giant Health I Limited ("CDH Giant")	4	306,100,142 (L)	Beneficial owner	8.62 (L)
CDH V CV Fund, L.P. ("CDH V CV Fund")	4	306,100,142 (L)	Interest of controlled corporation	8.62 (L)

Report of the Directors

Name of Shareholders	Notes	Number of the shares interested	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
CDH V CV Holdings Company Limited ("CDH V CV")	4	306,100,142 (L)	Interest of controlled corporation	8.62 (L)
CDH V Holdings Company Limited ("CDH V")	4	306,100,142 (L)	Interest of controlled corporation	8.62 (L)
China Diamond Holdings V Limited ("China Diamond V")	4	306,100,142 (L)	Interest of controlled corporation	8.62 (L)
China Diamond Holdings Company Limited ("China Diamond")	4	306,100,142 (L)	Interest of controlled corporation	8.62 (L)

(L) denotes long position
(S) denotes short position

Report of the Directors

Notes:

1. Outwit is the beneficial owner of 1,896,044,240 Shares. Grand Investment, being wholly-owned by China Grand, held 99.85% equity interests of Outwit, and Ms. Chau Tung, spouse of Mr. Hu, held the remaining 0.15% equity interests. Grand Investment and China Grand are therefore deemed to be interested in 1,896,044,240 Shares pursuant to the SFO.

2. Beijing Yuanda Huachuang Investment Group Co., Ltd. (北京遠大華創投資集團有限公司), a company wholly owned by Mr. Hu, owned 70% of the equity interests of Shanghai China Grand Asset Finance Investment Management Co., Limited (上海遠大產融投資管理有限公司) ("**Shanghai Finance**"). Shanghai Finance is the holder of 61,666,062 Shares through an asset management plan. Pursuant to the terms of the asset management plan, the 61,666,062 shares held under the asset management plan are deemed to be short positions held by Mr. Hu.

3. China Grand is controlled and ultimately and beneficially owned by Mr. Hu. Ms. Chau Tung, spouse of Mr. Hu, is also the beneficial owner of 41,520,000 Shares. Mr. Hu and Ms. Chau Tung are therefore deemed to be interested in 1,999,230,302 Shares pursuant to the SFO.

4. CDH Giant is the beneficial owner of 306,100,142 Shares. CDH Giant is wholly-owned by CDH V CV Fund, and pursuant to the SFO, CDH V CV Fund is therefore deemed to be interested in the 306,100,142 Shares. CDH V CV Fund is controlled by CDH V CV, which is in held as to 100% by CDH V; CDH V, which in turn held as to 80% by China Diamond V. China Diamond V is in held as to 100% by China Diamond.

Save as disclosed above, as at 31 December 2025, the Directors or chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the five largest customers of the Group accounted for less than 30% of the Group's total revenue while the five largest suppliers accounted for less than 30% the Group's total purchases.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2025 and as at the latest practicable date prior to the issue of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 59 to 64.

AUDITORS

The consolidated financial statements for the year ended 31 December 2025 have been audited by HLB Hodgson Impey Cheng Limited which shall retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution to re-appoint HLB Hodgson Impey Cheng Limited and to authorize the Board of Directors to fix its remuneration will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Dr. Tang Weikun
Chairman

Hong Kong, 26 March 2026

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Tang Weikun, aged 41, joined Grand Pharma (China) Co., Ltd. (a major subsidiary of the Group) ("Grand Pharma (China)") in 2012 and worked for several companies of the Group. He has been the assistant of the president of Grand Pharma (China) since April 2019, and was appointed as the president of Grand Pharma (China) with effect from 1 June 2021. Dr. Tang has overall responsible for the operation of Grand Pharma (China) and being the officer of its strategic decision committee. Dr. Tang completed his life science and technology undergraduate education at Wuhan University in 2007, and obtained his doctoral degree in microbiology from the College of Life Sciences, Wuhan University in 2012.

Mr. Zhou Chao, aged 36, joined the Company as the executive deputy officer in June 2019 and became the executive officer of the Company since June 2021. He is also directors of certain associated company of the Group. Mr. Zhou is primarily responsible for the overall internal management of the Group. Prior to joining the Company, Mr. Zhou was a legal manager and a senior legal manager of the legal security management headquarter and the business director of China Grand Enterprises Incorporation (a substantial shareholder of the Company) from 2013 to 2019. He is currently directors of certain local and overseas companies. Mr. Zhou obtained his bachelor degree in law from the Ocean University of China and subsequently obtained his master degree in international economic law from the University of International Business and Economics.

Mr. Yang Guang, aged 50, was appointed as an executive Director on 30 June 2023. Mr. Yang has over 20 years experience in business development. He has been the general manager of the investment management headquarters (formerly known as investment development headquarters) of China Grand Enterprises Incorporation (a substantial shareholder of the Company) since 2019. Mr. Yang obtained his bachelor degree in pharmaceutical preparations from the China Pharmaceutical University in 1996. He also obtained a master degree in bio-pharmacy engineering from the Tianjin University in 2007, and a master degree of business administration from the China Europe International Business School in 2013.

Ms. Lam Chit Yee, Jessica, aged 60, holder of Technical Representative (Broker) Licence issued by the Insurance Authority, has engaged in insurance industry for over 20 years. Before her appointment, she worked at Fur Ren Financial Services Limited for more than 15 years. Her last position was director of the company, and she was responsible for commercial insurance, providing insurance and investment solutions to clients. She was good at risk management and investment planning, and had excellent communication and customer relationship management skills. Ms. Lam joined the Group as director of a subsidiary since May 2024.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. So Tosi Wan, Winnie, aged 63, was appointed as an independent non-executive Director in March 2005. Ms. So is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. She is a partner of an accounting firm.

Dr. Xing Li Na, aged 42, joined China Grand Enterprises, INC. in November 2023 as senior business director of the pharmaceutical strategic management headquarters. She has many years of experience in review work at the Medical Device Technical Review Center of the State Food and Drug Administration, and served as deputy director of preclinical safety research for new drugs at BeiGene (Beijing) Biotechnology Co., Ltd. Dr. Xing obtained a postgraduate degree in medicine from Peking University School of Medicine in 2012.

Mr. Hu Yebi, aged 62, was appointed as an independent non-executive Director in December 2018. Mr. Hu Yebi received his Master of Business Administration from Netherlands International Institute for Management in the Netherlands and a Postgraduate Diploma in Management Engineering from Beijing Institute of Technology in Beijing, the PRC. Mr. Hu has more than twenty years of experience in securities and financial services, mergers and acquisitions and corporate finance. Mr. Hu is the founder and chairman of Vision Finance Group Limited. Mr. Hu is currently a non–executive director of Beijing Sports and Entertainment Industry Group Limited (stock code: 1803) and was an executive director of Beijing Enterprises Medical and Health Industry Limited (stock code: 2389) and Beijing Properties (Holdings) Limited (stock code: 925), but already resigned in October 2018 and November 2018 respectively. All these companies are listed on The Stock Exchange of Hong Kong Limited.

Dr. Pei Geng, aged 66, was appointed as an independent non-executive Director in May 2011. Dr. Pei holds a bachelor degree in Medicine and clinically became a neurosurgeon after graduation from Beijing Capital University of Medicine, China. Dr. Pei also holds a licentiate degree in Medical Sciences from Uppsala University, Sweden and a PhD degree in neuroscience from University of Würzburg, Germany. Dr. Pei is currently working in Multiway Trading Intl., USA and its Beijing branch.

SENIOR MANAGEMENT

Mr. Foo Tin Chung, Victor, aged 57, joined the Company in September 2011 as a company secretary of the Company. Mr. Foo holds a bachelor degree in Accounting and Information System in the University of New South Wales in Australia and a master degree in Business Administration in Australia Graduate School of Management. He is a member of the Australia Society of Certified Practising Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Foo is the company secretary and chief financial officer of Justin Allen Holdings Limited (stock code: 1425) since April 2018, which is listed on the Stock Exchange.

Mr. Shi Xiaofeng, aged 59, joined the principal subsidiary Grand Pharm (China) since 2003 and is the chairman of the board of directors of Grand Pharma (China). Mr. Shi is responsible for overseeing the entire operations and management of Grand Pharm (China), and has over 20 years of experience in the pharmaceutical industry management. Mr. Shi used to work for Schering–Plough and Pharmacia as senior management before joining the Group. Mr. Shi holds a medical degree from Medical School of Southeast University and a EMBA certificate at China Europe International Business School.

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
GRAND PHARMACEUTICAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Grand Pharmaceutical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 85 to 216, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, 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 (the "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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of pharmaceutical business

Refer to notes 3, 4, 20 and 22 to the consolidated financial statements

The Group had goodwill and intangible assets of approximately HK$1,676,875,000 and HK$3,269,431,000 respectively relating to the cash generating units engaged in business of manufacture and sales of pharmaceutical technology products, manufacture and sales of bio-technology products as well as manufacture and sales of nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products mainly in the People's Republic of China as at 31 December 2025. The management of the Group performed impairment assessment of pharmaceutical business annually for recoverability of cash-generating units to which goodwill and intangible assets being allocated. No impairment loss on goodwill was recognised for the year. This conclusion was based on value-in-use model that required significant management judgement with respect to the discount rate and the underlying cashflows, in particular future revenue growth. Independent external valuation reports were obtained in order to support management's estimates.

We focused on this area due to the impairment assessment of pharmaceutical business involved the use of significant management judgements and estimates.

Our procedures in relation to management's impairment assessment of pharmaceutical business included but not limited to:

- Evaluating of the independent external valuer's competence, capabilities and objectivity;
- Assessing the appropriateness of methodologies used and the key assumptions based on our knowledge of the pharmaceutical business and using our valuation experts;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Checking, on sampling basis, the accuracy and relevance of the input data used.

We found that the management's judgement and estimates used in the impairment assessment of pharmaceutical business were supported by the available evidence.

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of trade and other receivables and amounts due from related companies

Refer to notes 3, 4, 5(b)(iv), 27 and 33 to the consolidated financial statements

As at 31 December 2025, the Group had gross trade and other receivables and amounts due from related companies of approximately HK$2,247,993,000 and HK$55,707,000, respectively. The provision for impairment of trade and other receivables and amounts due from related companies are approximately HK$247,027,000 and HK$984,000, respectively.

In general, the credit terms granted by the Group to the customers ranged between 30 to 180 days. Management applied judgement in assessing the expected credit losses ("ECL"). Trade and other receivables relating to counterparties with known financial difficulties or significant doubt on collection of trade receivables are assessed individually for provision for loss allowance. ECL are also estimated by grouping the remaining trade receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its business and its ageing category, and applying ECL rates to the respective gross carrying amounts of the trade receivables. The management assessed the recoverability of amounts due from related companies based on these counterparties' capability of repayment. The ECL rates on these receivables are determined based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

We focused on this area due to the impairment assessment of trade and other receivables and amounts due from related companies under the ECL model involved the use of significant management judgements and estimates.

Our procedures in relation to management's impairment assessment of the trade and other receivables and amounts due from related companies as at 31 December 2025 included but not limited to:

- Obtaining an understanding of how management assesses the ECL for trade and other receivables and amounts due from related companies;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2025 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the past due status of each of the material trade and other receivables and amounts due from related companies as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers or debtors; and
- Assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the ECL.

We found that the management's judgement and estimates used to assess the recoverability of the trade and other receivables and amounts due from related companies and its impairment provision were supported by the available evidence.

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Interests in associates

Refer to note 3, 4 and 19 to the consolidated financial statements

As at 31 December 2025, the carrying amounts of interests in associates amounted to approximately HK$7,604,716,000 which represented approximately 28.0% of the Group's total assets.

Included in the interests in associates, the Group had 57.98% interest in Grand Pharma Sphere Pte Limited ("Grand Pharma Sphere") which was accounted for under the equity method. The Group's share of profit from Grand Pharma Sphere for the year ended 31 December 2025 was approximately of HK$37,185,000 and the Group's share of net assets of Grand Pharma Sphere was approximately HK$5,066,029,000 as at 31 December 2025, which represented approximately 18.6% of the Group's total assets.

Grand Pharma Sphere's revenue amounted to approximately HK$1,859,063,000 for the year ended 31 December 2025. Revenue was mainly generated from sale of SIRSpheres Y-90 resin microspheres, a targeted radiotherapy for liver cancer. Revenue is recognised when control of the product has transferred to the customer, being when the product is delivered to the distributor or medical facility and when the customer has sole discretion over the use of the product and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Management determines at the end of each reporting period the existence of any objective evidence through which the Group's interests in all associates may be impaired. The assessment of indicators of impairment and where such indicators exist and the determination of the recoverable amounts requires significant management's judgement.

We focused on this area due to its significance balance to the Group's total assets and significant management judgements and estimates involved in impairment assessment on interests in associates.

Our procedures in relation to the assessing the valuation of the interest in associates, Grand Pharma Sphere and its wholly owned subsidiary Sirtex Medical Pty Ltd, included but not limited to:

- Discussing with the management the key audit matters relating to Sirtex and discussing with Sirtex Auditors their audit approach and reviewing their working papers and results of their work;
- Reviewing of the management's assessments to whether any indication of impairment exist and evaluating the significant assumptions used;
- Evaluating of the management's expected credit loss assessment on the amounts due from associates and underlying methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the ECL.

We found that the management's judgement and estimates used in the management impairment assessment on interests in associates were supported by the available evidence.

Independent Auditors' Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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.

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

Independent Auditors' Report

AUDITORS' 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 auditors' report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Tien Sun Kit, Jack. (Practising Certificate Number: P07364).

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hong Kong, 26 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	7	**12,283,271**	11,644,892
Cost of sales		**(5,502,910)**	(4,906,576)
Gross profit		**6,780,361**	6,738,316
Other income, gains and losses, net	8	**224,011**	241,734
Distribution costs		**(3,806,890)**	(3,256,885)
Administrative expenses		**(1,389,091)**	(1,365,374)
Provision of allowance for expected credit losses, net		**(38,718)**	(73,378)
Impairment loss recognised in respect of goodwill		**–**	(49,073)
Fair value change on financial assets at fair value through profit or loss	9	**(189,313)**	675,928
Fair value change on derivative financial instruments		**–**	(27,383)
Share of results of associates		**76,059**	148,720
Finance costs	10	**(162,338)**	(180,242)
Profit before tax		**1,494,081**	2,852,363
Income tax expense	11	**(249,778)**	(386,304)
Profit for the year	12	**1,244,303**	2,466,059
Other comprehensive income/(loss), net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value change on investment in equity instruments at fair value through other comprehensive income		**(38,034)**	(109,604)
Share of other comprehensive (loss)/income associates		**(26,759)**	47,939
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**270,948**	(201,521)
Other comprehensive income/(loss) for the year, net of income tax		**206,155**	(263,186)
Total comprehensive income for the year, net of income tax		**1,450,458**	2,202,873
Profit for the year attributable to:			
– Owners of the Company		**1,240,871**	2,468,375
– Non-controlling interests		**3,432**	(2,316)
		1,244,303	2,466,059
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**1,451,662**	2,200,896
– Non-controlling interests		**(1,204)**	1,977
		1,450,458	2,202,873
Earnings per share			
– Basic and diluted (HK cents)	14	**35.44**	70.49

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	16	**4,332,283**	3,784,285
Right-of-use assets	17	**492,214**	481,783
Investment properties	18	**176,694**	174,356
Interests in associates	19	**7,604,716**	7,791,030
Equity instruments at fair value through other comprehensive income	24	**209,656**	247,724
Goodwill	20	**1,676,875**	1,299,741
Intangible assets	22	**3,269,431**	2,082,728
Deferred tax assets	23	**70,632**	33,456
Prepayments	27	**1,026,776**	1,070,540
		18,859,277	16,965,643
Current assets			
Inventories	26	**1,484,191**	1,370,582
Trade and other receivables	27	**4,679,486**	3,454,589
Amounts due from related companies	33	**54,723**	59,411
Financial assets at fair value through profit or loss	25	**924,169**	1,799,961
Pledged bank deposits	28	**22,588**	–
Cash and cash equivalents	28	**1,142,370**	1,340,979
		8,307,527	8,025,522
Current liabilities			
Trade and other payables	29	**3,936,683**	2,928,087
Contract liabilities	30	**323,926**	242,719
Bank and other borrowings	31	**2,828,720**	3,127,347
Lease liabilities	32	**12,646**	18,315
Amounts due to related companies	33	**16,778**	13,151
Amount due to the immediate holding company	35	**2,331**	2,331
Income tax payable		**195,627**	241,273
		7,316,711	6,573,223
Net current assets		**990,816**	1,452,299
Total assets less current liabilities		**19,850,093**	18,417,942

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Bank and other borrowings	31	**1,840,763**	1,256,280
Lease liabilities	32	**40,277**	40,604
Deferred tax liabilities	34	**367,265**	300,351
Other payables	29	**105,798**	–
Deferred income	36	**316,305**	295,369
		2,670,408	1,892,604
Net assets		**17,179,685**	16,525,338
Capital and reserves attributable to owners of the Company			
Share capital	37	**35,496**	35,496
Reserves		**16,981,543**	16,437,714
Equity attributable to owners of the Company		**17,017,039**	16,473,210
Non-controlling interests		**162,646**	52,128
Total equity		**17,179,685**	16,525,338

The consolidated financial statements on pages 85 to 216 were approved and authorised for issue by the board of directors of the Company on 26 March 2026 and are signed on its behalf by:

Tang Weikun
Director

Zhou Chao
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company												
	Share capital	Share premium	Contribution surplus reserve	Statutory reserve	Safety fund reserve	Translation reserve	Other reserve	FVTOCI reserve	Treasury shares	Retained profits	Total equity attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000	HK$'000 (Note c)	HK$'000	HK$'000 (Note d)	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024	35,496	6,523,049	121,273	653,043	45,756	(459,765)	(81,686)	(279,173)	(268,503)	8,868,228	15,157,718	112,798	15,270,516
Profit for the year	–	–	–	–	–	–	–	–	–	2,468,375	2,468,375	(2,316)	2,466,059
Other comprehensive loss for the year, net of income tax													
Fair value change on investment in equity instruments at FVTOCI	–	–	–	–	–	–	–	(109,604)	–	–	(109,604)	–	(109,604)
Share of other comprehensive income of associates	–	–	–	–	–	–	–	47,939	–	–	47,939	–	47,939
Exchange difference on translation of foreign operations	–	–	–	–	–	(205,814)	–	–	–	–	(205,814)	4,293	(201,521)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(205,814)	–	(61,665)	–	2,468,375	2,200,896	1,977	2,202,873
Transfer of contractual put option in relation to non-controlling interest	–	–	–	–	–	–	25,067	–	–	–	25,067	(32,432)	(7,365)
Acquisition of subsidiaries (Note 38(a))	–	–	–	–	–	–	–	–	–	–	–	(12,198)	(12,198)
Dividend paid	–	–	–	–	–	–	–	–	–	(910,471)	(910,471)	(22,705)	(933,176)
Capital from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	4,688	4,688
Transfer	–	–	–	118,749	3,222	–	–	–	–	(121,971)	–	–	–
As at 31 December 2024 and 1 January 2025	35,496	6,523,049	121,273	771,792	48,978	(665,579)	(56,619)	(340,838)	(268,503)	10,304,161	16,473,210	52,128	16,525,338
Profit for the year	–	–	–	–	–	–	–	–	–	1,240,871	1,240,871	3,432	1,244,303
Other comprehensive income/(loss) for the year, net of income tax													
Fair value change on investment in equity instruments at FVTOCI	–	–	–	–	–	–	–	(38,034)	–	–	(38,034)	–	(38,034)
Share of other comprehensive loss of associates	–	–	–	–	–	–	–	(26,759)	–	–	(26,759)	–	(26,759)
Exchange difference on translation of foreign operations	–	–	–	–	–	275,584	–	–	–	–	275,584	(4,636)	270,948
Total comprehensive income/(loss) for the year	–	–	–	–	–	275,584	–	(64,793)	–	1,240,871	1,451,662	(1,204)	1,450,458
Transfer of contractual put option in relation to non-controlling interest	–	–	–	–	–	–	2,638	–	–	–	2,638	(1,372)	1,266
Acquisition of subsidiaries (Note 38(a))	–	–	–	–	–	–	–	–	–	–	–	114,062	114,062
Dividend paid	–	–	–	–	–	–	–	–	–	(910,471)	(910,471)	(968)	(911,439)
Transfer	–	–	–	20,916	3,255	–	–	–	–	(24,171)	–	–	–
As at 31 December 2025	35,496	6,523,049	121,273	792,708	52,233	(389,995)	(53,981)	(405,631)	(268,503)	10,610,390	17,017,039	162,646	17,179,685

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Notes:

a. Each of the Company's subsidiary's Articles of Association in the People's Republic of China (the "PRC") requires the appropriation of 10% of its profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory reserve until the balance reaches 50% of the share capital. The statutory reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation.

b. According to document (Cai Zi 2022 No. 136), entities involved in mining, construction, production of dangerous goods and land transport are required to transfer an amount at fixed rates on production volume or operating revenue as safety fund reserve. The safety fund is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

c. Other reserve represents the difference between the consideration paid to or received from non-controlling interests for acquisition and disposal of additional equity interest or additional capital injection in a subsidiary without the overall change in the control in that subsidiary and the carrying amount of share of net assets being acquired or disposed. During the year ended 31 December 2024, the Group has entered into put option arrangement with non-controlling interests, pursuant to which the Group will purchase the remaining equity interest in a subsidiary held by non-controlling interests at a price, either RMB75,000,000 or 10% of amount calculated at 10.7 times of net profits of acquired subsidiary for preceding full year, in the third year, along with the completed acquisition of subsidiary. The difference between carrying amount of non-controlling interests that reclassified to liability and fair value of written put option liability is also recognised in the other reserve.

d. Where any Group's entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity owners. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity owners. As at 31 December 2025, the Company held 47,761,500 (2024: 47,761,500) treasury shares and the aggregate price of the purchased shares was deducted from equity as "Treasury shares reserve" for an amount of approximately HK$268,503,000 (2024: HK$268,503,000).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Operating activities			
Profit before tax		**1,494,081**	2,852,363
Adjustments for:			
Amortisation of intangible assets	22	**183,919**	94,061
Depreciation of property, plant and equipment	16	**358,918**	359,319
Depreciation of right-of-use assets	17	**39,058**	50,368
Finance costs	10	**162,338**	180,242
Recognition of deferred government grant	36	**(21,813)**	(22,229)
Loss on disposal of property, plant and equipment	12	**1,177**	997
Write-off of property, plant and equipment	12	**7,883**	8
Write-down of inventories	12	**32,966**	50,792
Allowance for expected credit losses recognised in respect of trade and other receivables, net	12	**39,617**	72,983
(Reversal of)/allowance for expected credit losses recognised in respect of amounts due from related companies	12	**(899)**	395
Fair value change on financial assets at fair value through profit or loss	9	**189,313**	(675,928)
Interest income	8	**(7,368)**	(6,310)
Share of results of associates		**(76,059)**	(148,720)
Net loss/(gain) in fair value of investment properties	8, 18	**4,874**	(4,385)
Gain on bargain purchase	38(a)	**–**	(54,214)
Impairment loss recognised in respect of goodwill	20	**–**	49,073
Gain in remeasurement of previously held interest in a subsidiary	8	**(60,938)**	–
Operating cash flows before movements in working capital		**2,347,067**	2,798,815
(Increase)/decrease in inventories		**(51,882)**	74,538
Increase in trade and other receivables		**(981,117)**	(444,395)
Increase/(decrease) in trade and other payables		**583,628**	(174,305)
Decrease/(increase) in amounts due from related companies		**7,923**	(9,228)
Increase/(decrease) in amounts due to related companies		**3,007**	(2,938)
Increase in contract liabilities		**68,029**	47,223
Increase in deferred income		**26,852**	88,627
Cash generated from operations		**2,003,507**	2,378,337
Income tax paid		**(353,984)**	(480,240)
Net cash generated from operating activities		**1,649,523**	1,898,097

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Investing activities			
Purchase of property, plant and equipment	16	**(726,153)**	(555,781)
Purchase of intangible asset	22	**(795,953)**	(41,254)
Payments of right-of-use assets		**–**	(24,846)
Acquisition of financial assets at fair value through profit or loss		**(3,886)**	(11,343)
Acquisition of financial assets at fair value through other comprehensive income		**–**	(205,669)
Repayment of advances to associates		**154,899**	14,953
(Placement)/withdrawal of pledged bank deposits, net		**(22,091)**	32,625
Decrease/(increase) in non-current prepayments		**46,843**	(55,864)
Proceeds from disposal of property, plant and equipment		**2,756**	971
Proceeds from disposal of financial assets at fair value through profit or loss		**690,535**	21,173
Interest income received		**7,368**	6,310
Net cash outflow on acquisition of subsidiaries	38(a)	**(321,833)**	(1,178,617)
Net cash used in investing activities		**(967,515)**	(1,997,342)
Financing activities			
Proceeds from new bank and other borrowings		**4,344,554**	4,480,749
Repayments of bank and other borrowings		**(4,206,633)**	(3,308,387)
Repayments of principal portion of lease liabilities		**(21,652)**	(33,674)
Capital contribution from non-controlling interests		**–**	4,688
Interest paid		**(156,371)**	(180,242)
Dividends paid		**(910,471)**	(910,471)
Dividends paid to non-controlling interests		**(968)**	(22,705)
Net cash (used in)/generated from financing activities		**(951,541)**	29,958
Net decrease in cash and cash equivalents		**(269,533)**	(69,287)
Cash and cash equivalents at the beginning of year		**1,340,979**	1,339,708
Effect of foreign exchange rate changes		**70,924**	70,558
Cash and cash equivalents at the end of year			
Cash and cash equivalents		**1,142,370**	1,340,979

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Grand Pharmaceutical Group Limited (the "Company") is incorporated in Bermuda on 18 October 1995 as an exempted company under the Companies Act 1981 of Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 December 1995. The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate information" section of the annual report.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sales of pharmaceutical technology products, manufacture and sales of bio-technology products as well as manufacture and sales of nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products, in the People's Republic of China (the "PRC").

The directors consider that Outwit Investments Limited ("Outwit") is the parent company of the Company and China Grand Enterprises Incorporation is the ultimate holding company of the Company. The ultimate controlling party is Mr. Hu Kaijun.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as functional currency of the Company, and the functional currency of the most of the subsidiaries in Renminbi ("RMB"). The board of directors considered that it is more appropriate to present the consolidated financial statements in HK$ as the shares of the Company (the "Shares") are listed on the Stock Exchange. The consolidated financial statements are presented in thousands of units of HK$ (HK$'000), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements ("HKAS 1"). This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of preparation *(Continued)*

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, Lease and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of preparation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non–controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combination

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combination *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first identifiable assets which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Put option over non-controlling interests

A put option held by non-controlling interests, whereby the holder of the put option can require the Group to acquire the non-controlling interests's shareholding in the subsidiary at a future date, the Group examines the nature of such a put option. The Group assesses whether or not the non-controlling interests continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by non-controlling interests continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method and recognise the amount that would have been recognised for the non-controlling interest, including its share of profit or losses, dividends and other changes, as a liability. The Group recognises a financial liability in accordance with HKAS 32 being the estimate of the fair value of the consideration to acquire the non-controlling interests shares that are subject to the put option and records this in "other reserve" in equity. Any changes in the fair value of the financial liability are reflected as a movement in other reserve.

If the non-controlling interests's put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash–generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflect the goodwill associated with the operation disposed of.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates

An associate is an entity over which the Group 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases. The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates *(Continued)*

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Changes in the Group's interests in associates

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Sale of goods

Revenue from manufacture and sales of pharmaceutical technology products, bio-technology products as well as nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products are recognised at point in time when carrier designated by the customer, or after the customer's acceptance or after control transfer to customer. The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risk, which is consistent with industry practice and there is no significant financing component. The Group's obligations to transfer goods to customers for consideration received or receivable from customers are shown as contract liabilities.

Dividend income

Dividend income from investments is recognised at point in time when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "interest income" where it is mainly earned from financial assets that are held for cash management purposes.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Leasing

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 lease of low– value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight– line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use asset includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as a lessee *(Continued)*

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right–of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases./Initial direct costs for leases in which the Group is the manufacturer or dealer lessor are recognised in costs of sales at the commencement date of the finance leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as a lessor *(Continued)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non–monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses, net".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of–use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from acquisition of subsidiaries that are held for meeting short– term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Cash and cash equivalents *(Continued)*

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefit

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefit *(Continued)*

Retirement benefit costs *(Continued)*

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefit *(Continued)*

Retirement benefit costs *(Continued)*

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19 paragraph 70.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefit *(Continued)*

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income (others to specify) which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative, except for a derivative that is a designed and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other revenue and income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "fair value change on financial assets at fair value through profit or loss" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledge bank deposits, amount due from related companies and cash and cash equivalents), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 1 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL (*Continued*)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit–impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, loan receivables and amount due from related companies where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other gains and losses" line item as part of the net foreign exchange gains/(losses);
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "Other gains and losses" line item as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other gains and losses" line item as part of the gain/(loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL *(Continued)*

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities (including bank and other borrowings, lease liabilities, trade payables, accruals and other payables, amounts due to related companies and amount due to the immediate holding company) are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses" line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial assets and liabilities

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

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

(i) A person, or a close member of that person's family, is related to the Group if that person:

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member);

(c) both entities are joint ventures of the same third party;

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

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

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

(g) 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); or

(h) 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.

Close family members of an individual are those family members who may be expected to influence, or he influence by, that person in their dealing with the and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

At the end of each reporting period until the liability is settled, and at the date of settlement, the liability is remeasured to fair value. For cash-settled share-based payments that are already vested, any changes in fair value are recognised in profit or loss for the year. For cash-settled share-based payments which are still subject to non-market vesting conditions, the effects of vesting and non-vesting conditions are accounted on the same basis as equity-settled share-based payments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statement.

Significant influence over individual company

Note 19 describes that Grand Pharma Sphere Pte Ltd. is an associate of the Group although the Group has 57.98% ownership interest in Grand Pharma Sphere Pte Ltd as at 31 December 2025 and 2024 and the remaining 42.02% of shareholdings were owned by CDH Genetech that is a related party of the Group. Details of Grand Pharma Sphere Pte Ltd. are set out in note 19.

Note 19 describes that Shanghai Xudong Haipu Pharmaceutical Company Limited is an associate of the Group although the Group has 55% ownership interest in Shanghai Xudong Haipu Pharmaceutical Company Limited. The Group has a 55% ownership in Shanghai Xudong Haipu Pharmaceutical Company Limited since September 2018; another 45% of shareholdings are owned by another shareholder that are unrelated to the Group. Details of Shanghai Xudong Haipu Pharmaceutical Company Limited are set out in note 19.

The directors of the Company assessed whether the Group has control over Grand Pharma Sphere Pte Ltd. and Shanghai Xudong Haipu Pharmaceutical Company Limited (the "Associates") based on whether the Group controls these Associates when it is exposed, or has rights, to variable returns from its involvement with the Associates and has the ability to affect those returns through its power over the Associates. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the Group's representation on the chief decision-making authorities of an entity, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. After assessment, the directors of the Company concluded that the Group does not have sufficiently dominant voting interest to direct the relevant activities of Associates and therefore the Group does not have control over Associates.

Key sources of estimation uncertainty

The following are 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Valuation of inventories

Valuation of inventories is stated at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The directors estimate the net realisable value for raw materials and finished goods based primarily on the latest invoice prices and current market conditions. In addition, the directors perform an inventory review on a product by product basis at the end of each reporting period and assess the need for write down of inventories.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to be arisen from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill as at 31 December 2025 was approximately HK$1,676,875,000 (2024: HK$1,299,741,000). No impairment loss (2024: HK$49,073,000) was recognised for the year. Details of the impairment assessment are disclosed in note 20.

Impairment of intangible assets

The Group performs annual tests on whether there is impairment of intangible assets in accordance with the accounting policy. The recoverable amounts are determined based on value in use calculations of CGUs to which intangible assets are allocated. These calculations require the use of estimates and assumptions made by management on the future operation of the business, post-tax discount rates, and other assumptions underlying the calculation.

The carrying amount of intangible assets as at 31 December 2025 was approximately HK$3,269,431,000 (2024: HK$2,082,728,000). Detailed information is disclosed in note 22.

Provision of ECL for trade and other receivables and amounts due from related companies

The Group estimates the loss allowance for trade receivables using ECL model in accordance with HKFRS 9. Under the model, the Group assesses lifetime ECL individually for trade receivables with significant balances or credit impaired balances and/or collectively using a provision matrix with appropriate age groupings for the remaining debtors. The management takes into consideration, inter alia, the historical default rates, past due status, general economic conditions and an assessment of both the current conditions at the report date as well as the forward-looking information specific to the debtors.

The Group uses three-stage model to calculate ECL for the other receivables and amounts due from related companies. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The three-stage model is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, other receivables and amounts due from related companies with significant balances and credit impaired balances are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables and amounts due from related companies are disclosed in notes 5(b)(iv), 27 and 33.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Income tax and deferred tax

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its property, plant and equipment, right-of-use assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, right-of-use assets and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The patents, trademarks and capitalised development costs are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely.

The intangible asset will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

During the year ended 31 December 2025 and 2024, the Group did not change the estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets.

Impairment test for interests in associates

The Group determined as at 31 December 2025 and 2024 whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the interest in an associate and its carrying value and recognize the impairment loss if any to the consolidated statement of profit or loss and other comprehensive income. The recoverable amount was determined with value in use calculation based on the cash flow projections based on the financial estimates covering a five-year period, with key valuation input of pre-tax discount rates.

Fair value measurement of equity instruments at FVTOCI and financial assets at FVTPL

As at 31 December 2025, the Group held equity instruments of FVTOCI and financial assets at FVTPL with carrying amounts of approximately HK$209,656,000 (2024: HK$247,724,000) and HK$924,169,000 (2024: HK$1,799,961,000). A certain of these equity instruments with carrying amounts of approximately to HK$38,800,000 (2024: HK$223,643,000) and HK$557,357,000 (2024: HK$496,563,000), for FVTOCI and FVTPL respectively do not have a quoted market price in an active market are measured at fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 5(b)(vi) for further disclosures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Equity Instruments at FVTOCI	**209,656**	247,724
Financial assets at FVTPL	**924,169**	1,799,961
Financial asset at amortised cost (including cash and cash equivalents)		
– Trade and other receivables	**3,678,016**	2,727,019
– Amounts due from related companies	**54,723**	59,411
– Pledged bank deposits	**22,588**	–
– Cash and cash equivalents	**1,142,370**	1,340,979
	6,031,522	6,175,094
Financial liabilities		
Contingent consideration payable at FVTPL	**50,725**	76,705
Financial liabilities at amortised costs		
– Trade and other payables	**3,865,065**	2,754,168
– Bank and other borrowings	**4,669,483**	4,383,627
– Lease liabilities	**52,923**	58,919
– Amounts due to related companies	**16,778**	13,151
– Amount due to the immediate holding company	**2,331**	2,331
	8,657,305	7,288,901

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial asset at FVTPL, trade and other receivables, amounts due from related companies, pledged bank deposits, cash and cash equivalents, trade and other payables, bank and other borrowings, lease liabilities, amounts due to related companies, amount due to the immediate holding company and contingent consideration payable at FVTPL. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

i. Currency risk

The Group's presentation currency is HK$, however, the Group major subsidiaries' functional currency are RMB in which most of the transactions are denominated. The functional currency is also used to settle expenses for the PRC operations. Certain trade and other receivables, cash and cash equivalents, trade and other payables, bank and other borrowings are denominated in foreign currencies of United State dollars ("USD"). Such USD denominated financial assets and liabilities are exposed to fluctuations in the value of RMB against USD.

The Group currently does not have any USD hedging policy but the management monitors USD exchange exposure and will consider hedging significant USD exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 10% (2024: 10%) in exchange rate of USD against RMB while all other variables are held constant. 10% (2024: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 10% (2024: 10%) change in foreign currency rates.

	2025	2024
	HK$'000	HK$'000
Increase/(decrease) in profit for the year		
– if USD weakens against of RMB	**(41,688)**	(30,540)
– if USD strengthens against of RMB	**41,688**	30,540

A change of 10% (2024: 10%) in exchange rate of USD against RMB does not affect other components of equity except the translation reserve.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2025	2024
	HK$'000	HK$'000
USD		
– Trade and other receivables	**238,992**	225,383
– Cash and cash equivalents	**187,436**	150,335
– Trade and other payables	**(8,452)**	(69,668)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

ii. Interest rate risk

The Group has variable-rate interest-bearing assets and liabilities including pledged bank deposits, bank balances and bank and other borrowings and is therefore exposed to cash flow interest rate risk. In addition, the Group is exposed to fair value interest rate risk in relation to fixed rate borrowing and lease liabilities. Details of these financial instruments are disclosed in respective notes. The Group currently does not have interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. Interest rate risk on bank balance is considered immaterial and therefore has been excluded from the sensitivity below. The Group's interest rate risk is mainly concentrated on the fluctuation of variable-rates borrowings as detailed in note 31.

Sensitivity analysis

The sensitivity analysis below is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2024: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been increased/decreased by 100 basis points (2024: 100 basic points) at the beginning of the year and all other variables were held constant, the Group's profit after tax and retained profits would decrease/increase by approximately HK$735,000 (2024: decrease/increase by approximately HK$625,000). The assumed changes have no impact on the Group's other components of equity. This is mainly attributable to the Group's exposure with respect to interest rate on its variable-interest rate bank and other borrowings.

iii. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants. Certain Group's banking facilities are subject to the fulfilment of covenants relating to certain consolidated balance sheet ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The maturity analysis for financial liabilities is prepared based on the scheduled repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iii. Liquidity risk *(Continued)*

As at 31 December 2025

	Weighted average interest rate %	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Carrying amount HK$'000
Non-derivative instruments							
Trade and other payables	0.24	3,874,292	3,763,403	110,889	–	–	3,865,065
Bank and other borrowings	2.97	4,832,914	2,911,043	831,791	905,725	184,355	4,669,483
Lease liabilities	5.88	59,993	15,266	13,162	29,455	2,110	52,923
Amounts due to related companies	–	16,778	16,778	–	–	–	16,778
Amount due to the immediate holding company	–	2,331	2,331	–	–	–	2,331
		8,786,308	6,708,821	955,842	935,180	186,465	8,606,580

As at 31 December 2024

	Weighted average interest rate %	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Carrying amount HK$'000
Non-derivative instruments							
Trade and other payables	–	2,754,168	2,754,168	–	–	–	2,754,168
Bank and other borrowings	3.43	4,558,524	3,239,516	966,194	217,671	135,143	4,383,627
Lease liabilities	5.90	67,440	20,986	10,493	25,400	10,561	58,919
Amounts due to related companies	–	13,151	13,151	–	–	–	13,151
Amount due to the immediate holding company	–	2,331	2,331	–	–	–	2,331
		7,395,614	6,030,152	976,687	243,071	145,704	7,212,196

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iii. Liquidity risk *(Continued)*

Bank and other borrowings with a repayment on demand clause are included in the "On demand or within one year" time band in the below maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these bank and other borrowings amounted to approximately HK$1,061,920,000 (2024: approximately HK$800,000,000). Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank and other borrowings will be repaid within 1 year (2024: 2 years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis – Bank and other borrowings with a repayment on demand clause based on scheduled repayments				
	Less than 1 year	1–2 years	2–5 years	Total undiscounted cash outflows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2025	1,073,764	–	–	1,073,764	1,061,920
31 December 2024	44,627	811,248	–	855,875	800,000

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

iv. Credit risk

The credit risk of the Group mainly arises from bank balances and deposits, trade and other receivables, amount due from associates and amounts due from related companies. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, ECL rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2025 and 2024.

Regarding to the amounts due from associates, the directors of the Company has assessed its credit risk by monitoring the financial performance and position regularly, and it is considered that the credit risk for amount due from associates are considered to be low based on its underlying business, therefore no ECL provision was made during the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iv. Credit risk *(Continued)*

In respect of trade receivables, ECLs are recognised under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. The management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group assessed its trade receivables individually, for significant balances and credit-impaired balances, and/or collectively based on the aging analysis of trade receivables. Significant and/or credit-impaired trade receivables balances are assessed individually by considering the aging, repayment history and/or past due status of respective trade receivables.

In respect of other receivables and amounts due from related companies, ECLs are recognised in three 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 the end of each reporting period, 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.

As at 31 December 2025 and 2024, trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

Majority of the Group's revenue is received from individual customers in relation to sales of pharmaceutical products and are transacted on credit. The Group's trade receivables arise from sales of pharmaceutical products to the customers. As at the end of the year, the top three debtors and the largest debtor accounted for approximately 15.67% and 6.64% (2024: 6.44% and 2.45%), of the Group's trade receivables balance. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired trade receivable disclosed in the below. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days (2024: 30 to 180 days) from the date of billing. Normally, the Group does not obtain collateral from customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iv. Credit risk *(Continued)*

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

(1) Provision of ECL on trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

As at 31 December 2025	**Expected credit loss rate %**	**Gross carrying amount HKD'000**	**Allowance for expected credit loss HKD'000**
Current (not past due)	**3.4**	**1,569,315**	**52,640**
Less than 6 months past due	**15.5**	**320,463**	**49,671**
6 months to 1 year past due	**52.1**	**27,307**	**14,217**
More than 1 year past due	**100.0**	**91,982**	**91,982**
		2,009,067	**208,510**

As at 31 December 2024	Expected credit loss rate %	Gross carrying amount HKD'000	Allowance for expected credit loss HKD'000
Current (not past due)	2.6	796,405	20,936
Less than 6 months past due	10.4	415,094	43,075
6 months to 1 year past due	48.5	18,269	8,854
More than 1 year past due	100.0	78,146	78,146
		1,307,914	151,011

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iv. Credit risk *(Continued)*

(1) Provision of ECL on trade receivables (Continued)

The provision of ECL on trade receivables as at 31 December 2025 and 2024 were as follows:

	HK$'000
As at 1 January 2024	103,385
Provision for the year	52,013
Exchange realignment	(4,387)
As at 31 December 2024 and 1 January 2025	151,011
Provision for the year	50,034
Exchange realignment	7,465
As at 31 December 2025	**208,510**

(2) Provision of ECL on other receivables

The tables below show loss allowance for ECL based on the Group's credit policy, which are mainly based on the internal credit score, and year-end staging classification as at 31 December 2025 and 31 December 2024.

As at 31 December 2025	**Stage 1 12-months ECLs HK$'000**	**Stage 2 Lifetime ECLs HK$'000**	**Stage 3 Lifetime ECLs HK$'000**	**Total HK$'000**
Other receivables				
– Industry average	**12,809**	**–**	**–**	**12,809**
– CCC- to CC	**–**	**–**	**–**	**–**
– D	**–**	**–**	**25,708**	**25,708**
	12,809	**–**	**25,708**	**38,517**

As at 31 December 2024	Stage 1 12-months ECLs HK$'000	Stage 2 Lifetime ECLs HK$'000	Stage 3 Lifetime ECLs HK$'000	Total HK$'000
Other receivables				
– Industry average	13,668	–	–	13,668
– CCC- to CC	–	6,707	–	6,707
– D	–	–	26,903	26,903
	13,668	6,707	26,903	47,278

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iv. Credit risk *(Continued)*

(2) Provision of ECL on other receivables (Continued)

The (reversal of allowances)/provision of ECL on other receivables as at 31 December 2025 and 2024 were as follows:

	HK$'000
As at 1 January 2024	43,374
Provision for the year	20,970
Written-off	(15,803)
Exchange realignment	(1,263)
As at 31 December 2024 and 1 January 2025	47,278
Reversal of provision for the year	(10,417)
Exchange realignment	1,656
As at 31 December 2025	**38,517**

The contractual amounts outstanding on other receivables that were written off related to the debtor, who was placed under liquidation during the year ended 31 December 2024, but are still subject to enforcement activities, were approximately HK$15,699,000.

(3) Provision of ECL on amount due from related companies

The table below show credit quality and maximum exposure to credit risk of amounts due from related companies based on the Group's credit policy, which are mainly based on past due information available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 2024.

As at 31 December 2025	Stage 1 12-months ECLs HK$'000	Stage 2 Lifetime ECLs HK$'000	Stage 3 Lifetime ECLs HK$'000	Total HK$'000
Amount due from related companies				
– Industry average	**982**	**–**	**–**	**982**
– CCC- to CC	**–**	**2**	**–**	**2**
– D	**–**	**–**	**–**	**–**
	982	**2**	**–**	**984**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

iv. Credit risk *(Continued)*

(3) Provision of ECL on amount due from related companies (Continued)

As at 31 December 2024	Stage 1 12-months ECLs HK$'000	Stage 2 Lifetime ECLs HK$'000	Stage 3 Lifetime ECLs HK$'000	Total HK$'000
Amount due from related companies				
– Industry average	997	–	–	997
– CCC- to CC	–	–	–	–
– D	–	–	829	829
	997	–	829	1,826

The (reversal of allowances)/provision of ECL on due from related companies as at 31 December 2025 and 2024 was as follows:

	HK$'000
As at 1 January 2024	1,486
Provision for the year	395
Exchange realignment	(55)
As at 31 December 2024 and 1 January 2025	1,826
Reversal of provision for the year	(899)
Exchange realignment	57
As at 31 December 2025	**984**

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For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

v. Equity price risk

The Group is exposed to equity price risk through its investment in equity instruments measured at FVTPL and FVTOCI. For equity instruments measured at FVTPL quoted in relative active markets, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in pharmaceutical industry sector for long term strategic purposes which had been designated as FVTOCI.

The sensitivity analysis have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analysis for unquote equity securities with fair value measurement categorised within Level 3 were disclosed in note 5(b)(vi).

If the prices of the respective equity instruments listed in Hong Kong had been 5% (2024: 5%) higher/lower, the post-tax profit for the year ended 31 December 2025 would increase/decrease by approximately HK$696,000 (2024: increase/decrease by approximately HK$390,000) and the other comprehensive income for the year ended 31 December 2025 would increase/decrease by approximately HK$5,525,000 (2024: nil) respectively, as a result of the changes in fair value of listed equity security in Hong Kong.

If the prices of the respective equity instruments listed outside Hong Kong had been 5% (2024: 5%) higher/lower, the post-tax profit for the year ended 31 December 2025 would increase/decrease by approximately HK$14,619,000 (2024: increase/decrease by approximately HK$54,027,000) and the other comprehensive income would increase/decrease by approximately HK$1,926,000 (2024: the other comprehensive loss would decrease/increase by approximately HK$1,204,000) respectively, as a result of the changes in fair value of listed equity security outside Hong Kong.

vi. Fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value at the end of each reporting period, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

vi. Fair value *(Continued)*

Fair value hierarchy

	2025			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at FVTPL (note 25) (note (a))	**366,812**	**–**	**557,357**	**924,169**
Equity instruments at FVTOCI (note 24) (note (a))	**170,856**	**–**	**38,800**	**209,656**
Contingent consideration payable at FVTPL (note (a))	**–**	**–**	**50,725**	**50,725**

	2024			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL (note 25) (note (a))	1,303,398	–	496,563	1,799,961
Equity instruments at FVTOCI (note 24) (note (a))	24,081	–	223,643	247,724
Contingent consideration payable at FVTPL (note (a))	–	–	76,705	76,705

There was transfer between level 1 and level 3 during the year (2024: there was no transfer between level 2 and level 3 during the current year).

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For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

vi. Fair value *(Continued)*

***Fair value hierarchy** (Continued)*

Note:

(a) In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Below is a summary of the valuation technique used and the key inputs to the valuation of level 3 instruments and derivative financial instruments:

	Valuation technique	Significant unobservable inputs	2025	2024
Financial assets				
Equity instruments at FVTOCI				
eTheRNA Immunotherapies NV of Preferred Series B Shares	Discounted cash flow method	Discount rate (note i)	**27.50%**	21.91%
Cloudbreak Pharmaceutical Inc. of Series B Preferred Shares	Discounted cash flow method	Discount rate (note ii)	**NA**	18.68%
ITM Isotope Technologies Munich SE of shares	Discounted cash flow method (2024: comparable transaction method)	Discount rate (note iii) (2024: % change of market cap) (note iv)	**14.16%**	7.70%
Equity instrument at FVTPL				
CNCB Healthcare Investment Fund II LP	Net asset value	% change of market cap (note v)	**10.96%**	9.21%
Debt instrument at FVTPL				
Convertible loan receivable from Grand Pharma Sphere Pte Ltd.	Binomial option pricing model	Discount Rate (note vi) Volatility (note vii)	**6.25%** **60.88%**	8.42% 47.60%
Financial liability				
Contingent consideration payable of FVTPL	Scenario-based method	Discount rate (note viii)	**13.22%**	14.31%

Notes:

(i) A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the eTheRNA Immunotherapies NV of Preferred Series B Shares, and vice versa. A 5% (2024: 5%) increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the eTheRNA Immunotherapies NV of Preferred Series B Shares by HK$523,000 and HK$588,000 (2024: HK$1,067,000 and HK$1,188,000) respectively.

(ii) A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the Cloudbreak Pharmaceutical Inc. of Series B Preferred Shares, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the Cloudbreak Pharmaceutical Inc. of Series B Preferred Shares by HK$1,908,000 and HK$2,132,000 respectively for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

vi. Fair value *(Continued)*

***Fair value hierarchy** (Continued)*

Note: *(Continued)*

(a) *(Continued)*

Note: *(Continued)*

(iii) A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the share of ITM Isotope Technologies Munich SE, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the share of ITM Isotope Technologies Munich SE by approximately HK$2,671,000 and HK$3,043,000 respectively.

(iv) A slight increase in the % change of market cap used in isolation would result in a slight increase in the fair value measurement of the share of ITM Isotope Technologies Munich SE, and vice versa. A 5% increase/decrease in the % change of market cap holding all other variables constant would increase/decrease the carrying amount of the share of ITM Isotope Technologies Munich SE by approximately HK$617,000 for the year ended 31 December 2024.

(v) A slight increase in the % change of market cap used in isolation would result in a slight increase in the fair value measurement of the CNCB Healthcare Investment Fund II LP, and vice versa. A 5% increase/decrease in the % change of market cap holding all other variables constant would increase/decrease the carrying amount of the share of CNCB Healthcare Investment Fund II LP by approximately HK$685,000 (2024: HK$583,000).

(vi) A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the convertible loan, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the convertible loan by HK$564,000 (2024: HK$653,000) and HK$565,000 (2024: HK$657,000) respectively.

(vii) A slight increase in the volatility used in isolation would result in a slight increase in the fair value measurement of the convertible loan, and vice versa. A 5% increase/decrease in the volatility holding all other variables constant would increase/decrease the carrying amount of the convertible loan by HK$77,000 (2024: HK$100,000) and HK$123,000 (2024: HK$200,000) respectively.

(viii) A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the derivate instrument at FVTPL, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the derivate instrument at FVTPL by HK$729,000 and HK$746,000 (2024: HK$56,000 and HK$63,000) respectively.

Reconciliation of Level 3 fair value measurements of equity instruments at FVTOCI

	2025	2024
	HK$'000	HK$'000
As at 1 January	**223,643**	334,050
Transfer out of level 3(note)	**(22,884)**	–
Fair value loss in other comprehensive income	**(162,092)**	(110,298)
Exchange alignment	**133**	(109)
As at 31 December	**38,800**	223,643

Note: The Group owns equity interest in Cloudbreak Pharmaceutical Inc. that is classified as equity instruments at FVTOCI and is measured at fair value at each reporting date. Cloudbreak Pharmaceutical Inc. has become a listed entity on the Hong Kong Stock Exchange since 3 July 2025, with its shares traded in an active market.

Therefore, the fair value of the investment as at 31 December 2025 was determined based on a published price quotation available on the Hong Kong Stock Exchange and was classified as Level 1 of the fair value hierarchy. The fair value of the investment as at 31 December 2025 amounts to approximately HK$132,339,000 (2024: approximately HK$22,884,000). The fair value of the investment as at 31 December 2024 was measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

vi. Fair value *(Continued)*

***Reconciliation of Level 3 fair value measurements of equity instruments at FVTOCI** (Continued)*

Included in other comprehensive income is a fair value loss in an amount of approximately HK$38,034,000 (2024: HK$109,604,000) relating to listed and unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of "FVTOCI reserve".

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL

	2025	2024
	HK$'000	HK$'000
As at 1 January	**496,563**	532,913
Addition during the year	**3,886**	11,343
Disposal during the year	**–**	(21,173)
Fair value gain/(loss) in profit or loss	**56,738**	(25,794)
Exchange alignment	**170**	(726)
As at 31 December	**557,357**	496,563

Reconciliation of level 3 fair value measurements of the contingent consideration payable at FVTPL

	2025	2024
	HK$'000	HK$'000
As at 1 January	**76,705**	–
Acquisition of subsidiaries (note 38(a))	**–**	71,666
Repaid during the year	**(50,656)**	–
Fair value loss in profit or loss*	**22,097**	6,544
Exchange alignment	**2,579**	(1,505)
As at 31 December	**50,725**	76,705

* *Amount included in offer income, gains and losses, net*

The directors consider the fair values of trade and other receivables, pledged bank deposits, cash and cash equivalents, trade and other payables, bank and other borrowings reported in the consolidated statement of financial position approximate their carrying amounts due to their immediate or short-term maturities.

The directors consider the fair value of amount due to the immediate holding company approximate to its carrying amount as the impact of discounting is not significant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. CAPITAL RISK MANAGEMENT

The Group reviews its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank and other borrowings, lease liabilities and amount due to the immediate holding company, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, reserves and retained profits.

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at the end of the reporting period was as follows:

	2025	2024
	HK$'000	HK$'000
Debts (note (a))	**4,724,737**	4,444,877
Cash and cash equivalents	**(1,142,370)**	(1,340,979)
Net debt	**3,582,367**	3,103,898
Equity (note (b))	**17,017,039**	16,473,210
Net debt to equity ratio	**21.1%**	18.8%

Notes:

(a) Debts comprises bank and other borrowings, lease liabilities and amount due to the immediate holding company respectively.

(b) Equity includes all capital and reserves attributable to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION

For the years ended 31 December 2025 and 2024, the Group is principally engaged in manufacture and sales of pharmaceutical technology products, manufacture and sales of bio-technology products as well as manufacture and sales of nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products. The board of directors, being the chief operating decision maker of the Group, reviews the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single reportable segment under HKFRS 8 and accordingly, no separate segment information is prepared.

The Group's revenue represents the invoiced value of goods sold, net of discounts and sales related taxes.

Geographical information

The Group's operations are mainly located in the PRC (country of domicile) and it also derives revenue from America, Europe and Asia (other than the PRC).

Information about the Group's revenue from external customers is presented based on geographical location of the customers and information about the Group's non-current assets is presented based on geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**10,626,101**	10,046,227	**12,937,693**	10,908,461
America	**759,415**	589,430	**261,327**	290,295
Europe	**432,681**	478,293	**–**	–
Asia other than the PRC	**408,910**	474,963	**103,689**	96,410
Others	**56,164**	55,979	**–**	–
Total	**12,283,271**	11,644,892	**13,302,709**	11,295,166

Note: Non-current assets excluded equity instruments at fair value through comprehensive income, deferred tax assets and a part of interests in associates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

For the years ended 31 December 2025 and 2024, none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue.

Revenue

Disaggregation of revenue from contracts with customers

	2025 HK$'000	2024 HK$'000
Type of goods and services		
Manufacture and sales of pharmaceutical technology products	**7,294,285**	7,317,837
Manufacture and sales of bio-technology products	**3,706,909**	3,510,841
Manufacture and sales of nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology products	**1,282,077**	816,214
Total revenue recognised at point in time	**12,283,271**	11,644,892
Revenue disclosed in segment information		
External customers	**12,283,271**	11,644,892
Timing of revenue recognition		
At a point in time	**12,283,271**	11,644,892

All of the Group's revenue are recognised at point in time when carrier designated by the customers, or after the customer's acceptance or upon transfer of control of the goods to customer. All of the Group's revenue is generated in the PRC based on where goods are sold. All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2025 HK$'000	2024 HK$'000
Government grants (note (i))	**116,641**	97,775
Interest income	**7,368**	6,310
Sales of raw materials, scrap and other materials, net	**5,462**	5,471
Rental income	**628**	4,250
Net (loss)/gain in fair value of investment properties (note 18)	**(4,874)**	4,385
Additional deduction of VAT (note (ii))	**16,204**	26,109
Gain on bargain purchase arising on acquisition (note 38(a))	**–**	54,214
Loss in fair value of contingent consideration payable at FVTPL	**(22,097)**	(6,544)
Gain in remeasurement of previously held interest in a subsidiary (note 38)	**60,938**	–
Sundry income	**43,741**	49,764
	224,011	241,734

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OTHER INCOME, GAINS AND LOSSES, NET *(Continued)*

Notes:

(i) The amount consists of government grants with conditions being fulfilled and included in deferred income amounted to approximately HK$21,813,000 (2024: HK$22,229,000) for the year ended 31 December 2025. There are no unfulfilled conditions related to the remaining amount of approximately HK$94,828,000 (2024: HK$75,546,000).

(ii) During the current year, the Group recognised government grants of approximately HK$16,204,000 (2024: HK$26,109,000) in respect of value-added tax exemption provided by the local government in accordance with Announcement 2023 No. 43 of the Ministry of Finance and the State Administration of Taxation, advanced manufacturing enterprises are allowed to deduct additional 5% VAT of the current deductible input VAT from the VAT payable. According to the announcement, the value-added tax exemption is effective until 31 December 2027.

9. FAIR VALUE CHANGE ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK$'000	HK$'000
Gain/(loss) in fair value change of listed equity securities in Hong Kong	**7,333**	(6,000)
(Loss)/gain in fair value change of equity instruments outside Hong Kong	**(334,529)**	681,585
Gain in fair value change of debt instruments	**32,154**	343
Realised gain in disposal of equity instruments outside Hong Kong	**105,729**	–
	(189,313)	675,928

10. FINANCE COSTS

	2025	2024
	HK$'000	HK$'000
Interest on bank and other borrowings	**151,981**	174,582
Interest on lease liabilities	**4,390**	5,660
Interest on deferred consideration payable	**5,967**	–
	162,338	180,242

11. INCOME TAX EXPENSE

	2025	2024
	HK$'000	HK$'000
Current tax:		
PRC Enterprise Income tax	**299,003**	397,200
Hong Kong Profits tax	**1,849**	–
Deferred tax (note 23 and note 34)	**(51,074)**	(10,896)
	249,778	386,304

For the year ended 31 December 2025, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of the corporations will be taxed at 8.25% and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX EXPENSE *(Continued)*

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company did not have any assessable profits subject to Hong Kong profits tax for year ended 31 December 2024. Provision on profits assessable elsewhere has been calculated at the rate of tax prevailing to the countries to which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

According to the relevant the PRC tax regulations, High-New Technology Enterprise (the "HNTE") operating within a High and New Technology Development Zone are entitled to a reduced Enterprise Income Tax (the "EIT") rate of 15%. Certain subsidiaries are recognised as HNTE and accordingly, are subject to EIT at 15%. The recognition as a HNTE is subject to review on every three years by the relevant government bodies. In addition, certain subsidiaries operating in encouraged industries in the Western Region of China are also entitled to a preferential income tax rate of 15%.

The U.S. corporate tax rate is 21% for the year ended 31 December 2025 in accordance to the Tax Cuts and Jobs Act. The U.S. income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2025 (2024: a fixed rate of 21%) on the estimated U.S. federal taxable income and (b) state income tax to calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

The charge for the year is reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	HK$'000	HK$'000
Profit before tax	**1,494,081**	2,852,363
Tax at the average income tax rate	**373,520**	713,091
Tax effect of share of results of associates	**(12,859)**	(24,264)
Tax effect of expenses not deductible for tax purpose	**197,150**	72,520
Tax effect of income not taxable for tax purpose	**(130,823)**	(105,438)
Tax effect of temporary differences not recognised	**(27,244)**	16,252
Effect of tax exemptions granted to the PRC subsidiaries	**(59,543)**	(51,503)
Income tax on concessionary rate	**(124,150)**	(261,932)
Tax effect of tax losses not recognised	**33,727**	27,578
Tax charge for the year	**249,778**	386,304

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. PROFIT FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Profit for the year is arrived after charging/(crediting):		
Staff costs (excluding Directors'emoluments (note 15)) comprises:		
– Wages and salaries	**2,024,097**	1,912,693
– Retirement benefits schemes contributions	**176,754**	155,574
	2,200,851	2,068,267
Depreciation of property, plant and equipment (note 16)	**358,918**	359,319
Depreciation of right-of-use assets (note 17)	**39,058**	50,368
Amortisation of intangible assets (note 22)	**183,919**	94,061
Total depreciation and amortisation	**581,895**	503,748
Provision of/(reversal of) allowance for ECL		
– trade and other receivables (note 5(b)(iv))	**39,617**	72,983
– amounts due from related companies (note 5(b)(iv))	**(899)**	395
Provision of allowance for ECL, net of reversal	**38,718**	73,378
Auditors'remuneration		
– audit services	**4,350**	3,980
– non-audit services	**–**	–
Cost of inventories recognised as an expense	**5,469,944**	4,855,784
Write-off of property, plant and equipment	**7,883**	8
Research and development expenditure	**502,892**	588,142
Marketing and promotion expenses	**922,447**	859,901
Write-down of inventories	**32,966**	50,792
Loss on disposal of property, plant and equipment	**1,177**	997
Net foreign exchange loss	**27,097**	20,874
Short-term lease rental expenses	**72,716**	37,488

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For the year ended 31 December 2025

13. DIVIDEND

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 HK$'000	2024 HK$'000
Final dividend proposed after the end of report HK$0.169 per share (2024: HK$0.26)	**591,806**	910,471

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 HK$'000	2024 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.26 per share (2024: HK$0.26)	**910,471**	910,471

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the Period, excluding ordinary shares repurchased by the Group and held as treasury shares.

	2025 HK$'000	2024 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share calculation	**1,240,871**	2,468,375

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation (Note)	**3,501,810**	3,501,810

Note:

As at 31 December 2025 and 2024, treasury shares are deducted from total shares in issue for the purpose of calculating earnings per share.

Diluted earnings per share is the same as the basic earnings per share for the year ended 31 December 2025 and 2024 as there were no potential dilutive ordinary shares in issue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of directors' emoluments are as follows:

	2025 HK$'000	2024 HK$'000
Fees:		
Executive directors	**100**	67
Independent non-executive directors	**390**	340
	490	407
Other emoluments:		
Salaries and allowances	**6,925**	5,395
Retirement benefits scheme contributions	**92**	98
	7,507	5,900

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office for both years ended 31 December 2025 and 2024.

The emoluments paid or payable to each of the eight (2024: nine) directors for the year ended 31 December 2025 are as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive directors:				
Dr. Tang Weikun *(Chairman)*	**–**	**3,228**	**74**	**3,302**
Mr. Zhou Chao (note (a))	**–**	**3,697**	**18**	**3,715**
Mr. Yang Guang	**50**	**–**	**–**	**50**
Ms. Lam Chit Yee Jessica	**50**	**–**	**–**	**50**
Independent non-executive directors:				
Ms. So Tosi Wan, Winnie	**180**	**–**	**–**	**180**
Dr. Pei Geng	**60**	**–**	**–**	**60**
Dr. Xing Li Na	**50**	**–**	**–**	**50**
Mr. Hu Yebi	**100**	**–**	**–**	**100**
Total	**490**	**6,925**	**92**	**7,507**

Note:

(a) Mr. Zhou Chao is the chief executive officer since June 2021.

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Details of directors' emoluments for the year ended 31 December 2024 are as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive directors:				
Dr. Tang Weikun *(Chairman)*	–	2,912	98	3,010
Dr. Shi Lin (resigned on 24 June 2024)	–	–	–	–
Mr. Zhou Chao (note (a))	–	2,483	–	2,483
Mr. Yang Guang	50	–	–	50
Ms. Lam Chit Yee Jessica (appointed on 27 August 2024)	17	–	–	17
Independent non-executive directors:				
Ms. So Tosi Wan, Winnie	180	–	–	180
Dr. Pei Geng	100	–	–	100
Dr. Xing Li Na (appointed on 24 June 2024)	–	–	–	–
Mr. Hu Yebi	60	–	–	60
Total	407	5,395	98	5,900

None of the directors of the Company waived or agreed to waived any emoluments paid by the Company during the year ended 31 December 2025. One of the independent non-executive director waived emoluments of HK$25,000 paid by the Company during the year ended 31 December 2024.

(b) Five Highest Paid Individuals

The five individuals with the highest emoluments in the Group, two (2024: one) were the directors of the Company whose emoluments were included above. The emoluments of the remaining three (2024: four) individuals are as follows:

	2025 HK$'000	2024 HK$'000
Employees		
Salaries and allowances	**10,276**	16,352
Retirement benefits schemes contributions	**471**	643
	10,747	16,995

Notes to the Consolidated Financial Statements

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Five Highest Paid Individuals *(Continued)*

These emoluments were within the following bands:

	2025 No. of employees	2024 No. of employees
Nil to HK$3,000,000	**1**	2
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	1
Over HK$4,000,000	**–**	1
	3	4

During both years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior Management of the Group

The emoluments of the senior management who is a non-director of the Group are within the following band:

	2025 No. of employees	2024 No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$3,000,000	**–**	1
Over HK$3,000,000	**1**	–
	1	1

During years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

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16. PROPERTY, PLANT AND EQUIPMENT

	Owned buildings	Allocated land	Plant and machinery	Motor vehicles	Equipment	Others	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
As at 1 January 2024	2,476,199	1,650	2,462,043	27,227	296,173	371	410,169	5,673,832
Additions	155	–	12,620	1,902	6,771	–	534,333	555,781
Disposals	–	–	(20,630)	(2,365)	(4,485)	–	–	(27,480)
Acquired through acquisition of a subsidiary (note 38(a))	118,681	–	102,598	1,384	11,660	–	5,647	239,970
Transfer	89,048	–	146,602	–	22,709	–	(258,359)	–
Write-off	(20)	–	–	–	–	–	–	(20)
Exchange realignment	(110,983)	(54)	(118,694)	(910)	(10,059)	(12)	(18,861)	(259,573)
As at 31 December 2024 and 1 January 2025	2,573,080	1,596	2,584,539	27,238	322,769	359	672,929	6,182,510
Additions	–	–	24,427	621	5,031	–	696,074	726,153
Disposals	–	–	(13,641)	(1,359)	(8,277)	–	–	(23,277)
Acquired through acquisition of a subsidiary (note 38(a))	11,202	–	21,741	718	2,003	–	–	35,664
Transfer	301,570	–	138,570	759	27,169	–	(468,068)	–
Write-off	(4,980)	–	(41,654)	–	–	–	–	(46,634)
Exchange realignment	126,543	67	129,059	2,399	18,168	15	31,408	307,659
As at 31 December 2025	3,007,415	1,663	2,843,041	30,376	366,863	374	932,343	7,182,075
Accumulated depreciation and impairment								
As at 1 January 2024	724,248	–	1,231,514	16,852	167,645	371	–	2,140,630
Depreciation provided for the year	110,840	–	181,695	3,138	63,646	–	–	359,319
Eliminated on disposals	–	–	(19,164)	(2,261)	(4,087)	–	–	(25,512)
Eliminated on write-off	(12)	–	–	–	–	–	–	(12)
Exchange realignment	(25,865)	–	(43,469)	(569)	(6,285)	(12)	–	(76,200)
As at 31 December 2024 and 1 January 2025	809,211	–	1,350,576	17,160	220,919	359	–	2,398,225
Depreciation provided for the year	114,966	–	179,693	2,368	61,891	–	–	358,918
Eliminated on disposals	–	–	(11,122)	(1,280)	(6,942)	–	–	(19,344)
Eliminated on write-off	(720)	–	(38,031)	–	–	–	–	(38,751)
Exchange realignment	56,865	–	77,356	1,976	14,532	15	–	150,744
As at 31 December 2025	980,322	–	1,558,472	20,224	290,400	374	–	2,849,792
Net carrying amounts								
As at 31 December 2025	**2,027,093**	**1,663**	**1,284,569**	**10,152**	**76,463**	**–**	**932,343**	**4,332,283**
As at 31 December 2024	1,763,869	1,596	1,233,963	10,078	101,850	–	672,929	3,784,285

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For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress and allocated land are depreciated on a straight-line basis, at the following rates per annum:

Buildings	2.5%–10%
Plant and machinery	5%–25%
Equipment	12%–33.3%
Motor vehicles	10%–25%
Others	12.5%–20%

Allocated land is located in the PRC and is not specified by the PRC government authorities with the period of usage. The allocated land is restricted for disposal or transfer, but can be leased or pledged to other parties upon obtaining the approval from the relevant PRC's authorities.

Buildings are held in the PRC under medium-term leases.

As at 31 December 2025, certain buildings in the Group aggregated amount of approximately HK$78,864,000 (2024: HK$87,242,000) have been pledged to banks to secure general bank loans granted to the Group as further detailed in note 41.

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17. RIGHT-OF-USE ASSETS

	Motor vehicle leased for own used	Buildings leased for own use	Land use right	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
As at 1 January 2024	829	138,857	435,965	575,651
Additions	–	2,617	24,846	27,463
Acquired through acquisition of a subsidiary (note 38(a))	–	–	70,180	70,180
Termination of lease	(816)	(15,128)	–	(15,944)
Exchange realignment	(13)	(5,244)	(14,938)	(20,195)
As at 31 December 2024 and 1 January 2025	–	121,102	516,053	637,155
Additions	–	13,513	–	13,513
Acquired through acquisition of a subsidiary (note 38(a))	–	–	15,883	15,883
Termination of lease	–	(45,738)	–	(45,738)
Exchange realignment	–	2,202	21,993	24,195
As at 31 December 2025	–	91,079	553,929	645,008
Accumulated depreciation				
As at 1 January 2024	445	51,429	71,326	123,200
Depreciation provided for the year	39	35,321	15,008	50,368
Termination of leases	(476)	(15,128)	–	(15,604)
Exchange realignment	(8)	(2,078)	(506)	(2,592)
As at 31 December 2024 and 1 January 2025	–	69,544	85,828	155,372
Depreciation provided for the year	–	21,644	17,414	39,058
Termination of leases	–	(45,738)	–	(45,738)
Exchange realignment	–	290	3,812	4,102
As at 31 December 2025	–	45,740	107,054	152,794
Net carrying amounts				
As at 31 December 2025	**–**	**45,339**	**446,875**	**492,214**
As at 31 December 2024	–	51,558	430,225	481,783

Notes:

1. The Group leases several assets including office premises and land right use. The average lease term is 6 years (2024: 6 years).

2. The total cash outflow for leases, including payment of short-term lease, was approximately HK$98,758,000 (2024: HK$76,822,000) for the year ended 31 December 2025.

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18. INVESTMENT PROPERTIES

	2025 HK$'000	2024 HK$'000
Residential properties	**176,694**	174,356

	2025 HK$'000	2024 HK$'000
As at 1 January	**174,356**	175,817
Fair value (loss)/gain recognised in profit or loss (note 8)	**(4,874)**	4,385
Exchange realignment	**7,212**	(5,846)
As at 31 December	**176,694**	174,356

Properties measured at fair value

	2025			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Investment properties located in PRC	**–**	**–**	**176,694**	**176,694**

	2024			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Investment properties located in PRC	–	–	174,356	174,356

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INVESTMENT PROPERTIES *(Continued)*

(a) Valuation of investment properties

The investment properties of the Group of approximately HK$176,694,000 (2024: HK$174,356,000) were stated at fair value as at 31 December 2025. The fair value of investment properties as at 31 December 2025 and 2024 were arrived at based on the valuations carried out by Wuhan Huasheng Zhenghao Assets Appraisal Co., Ltd.*, an independent external valuer. *(This is the English translation of Chinese name or words which included for identification purposes only)

The valuer has valued the properties on the basis of comparable market transactions as available. Discussions of valuation processes and results are held between the Group and valuers at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2025 and 2024, the fair values of the properties were determined by the valuer. At each financial year end, the Group (i) verifies all major inputs to the independent valuation report and (ii) holds discussions with the independent valuer.

Market approach method is adopted based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value and capital values.

The valuation assumptions, unless otherwise stated, the valuer assumed that:

(a) The assets within the scope of the assessment are owned by the appraised unit and there is no ownership dispute;

(b) The assessment information provided by the entrusting party and the appraised unit is true, lawful and complete; and

(c) The assessment data collected by the assessors in the capacity range is authentic and credible.

There was no change from the valuation technique used during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The valuation of investment properties is determined by various major inputs:

As at 31 December 2025, the major unobservable inputs applied in valuing the investment properties was adjusted market selling price per each square meter with reference to recent transactions, taken into account and adjusted for nature, location, conditions, transaction time and plot ratio. The range of unit market price was from RMB3,959 to RMB4,038 (2024: RMB4,071 to RMB4,152). An increase in unit market price would result in an increase in the fair value of investment properties, and vice versa.

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For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Cost of unlisted investments	**7,380,604**	7,411,892
Share of post-acquisition profit and other comprehensive income	**206,936**	207,063
Group's share of net assets	**7,587,540**	7,618,955
Amounts due from associates	**17,176**	172,075
	7,604,716	7,791,030

Amounts due from associates are unsecured, interest-free and not recoverable within next twelve months.

The summarised financial information in respect of the Group's material associates is set out below:

Shanghai Xudong Haipu Pharmaceutical Company Limited (the "Xudong Haipu")

	2025 HK$'000	2024 HK$'000
Total assets	**2,663,277**	2,913,520
Total liabilities	**(511,378)**	(822,852)
Net assets of the associate	**2,151,899**	2,090,668
Less: Non-controlling interests	**(79,214)**	(71,334)
Net assets attributable to owners of the associate	**2,072,685**	2,019,334
Group's share of net assets of the associate	**1,139,977**	1,110,634
Goodwill	**912,056**	875,304
	2,052,033	1,985,938
Revenue	**925,529**	952,994
Profit for the year	**120,172**	225,172
Share of result in an associate for the year	**66,095**	123,845
Dividend received during the year	**–**	358,081

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For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES *(Continued)*

Grand Pharma Sphere Pte Ltd. (the "Grand Pharma Sphere")

	2025 HK$'000	2024 HK$'000
Total assets	**11,929,936**	12,851,251
Total liabilities	**(3,634,538)**	(3,823,388)
Net assets	**8,295,398**	9,027,863
Group's share of net assets of the associate	**5,066,029**	5,055,603
Revenue	**1,859,063**	1,513,648
Profit for the year	**64,134**	28,687
Share of result of an associate for the year	**37,185**	16,633

Aggregate information of associates that are not individually material

	2025 HK$'000	2024 HK$'000
The Group's share of results of associates	**(27,221)**	28,330
The Group's share of net assets of associates	**469,478**	577,414

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19. INTERESTS IN ASSOCIATES *(Continued)*

Details of the principal associates as at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ operation	Form of business structure	Percentage of equity interest and voting power held by the Company		Particulars of issued/paid-up capital	Principal activities
			2025	2024		
Cardionovum Holding	Hong Kong/ Hong Kong	Limited liability company	**33.33% (indirect)**	33.33% (indirect)	Contributed capital USD93,000,000	Development, production and distribution of advanced cardiovascular interventional medical devices and the provision of related services
Xudong Haipu (note (a) & (d))	PRC/PRC	Limited liability company	**55.00% (indirect)**	55.00% (indirect)	Contributed capital RMB60,000,000	Production and sales of pharmaceutical preparations for injections
Grand Pharma Sphere (note (b))	Singapore/ Singapore	Limited liability company	**57.98% (indirect)**	57.98% (indirect)	Contributed capital USD100	Investment holding
Nanjing Fuhan (note (e))	PRC/PRC	Limited partnership	**51.00% (indirect)**	51.00% (indirect)	Contributed capital RMB40,000,000	Investment holding
Nanjing Kainite (note (c) & (e))	PRC/PRC	Limited liability company	**NA**	29.27% (indirect)	Contributed capital RMB3,100,000	Development of Neurological intervention
CoRISMA	USA/USA	Limited liability company	**22.20% (indirect)**	22.20% (indirect)	Contributed capital USD13,250,000	Development of global innovative medical devices
FastWave	USA/USA	Limited liability company	**40.00% (indirect)**	40.00% (indirect)	Contributed capital USD1,200,000	Development of global cerebro-cardiovascular precision interventional devices

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19. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

(a) Xudong Haipu was an associate of Taiwan Tung Yang International Company Limited ("Tung Yang"). The Company entered into the acquisition agreement, the Company had acquired 100% of the Tung Yang shares at aggregate consideration HK$2,004,227,000 which are settled by cash and shares. Upon completion of the acquisition, Tung Yang is a directly wholly-owned subsidiary of the Company. Xudong Haipu and its subsidiaries are classified as associates of the Company after Completion. This is because material decisions of Xudong Haipu (including but not limited to the approval of its annual budget, manufacturing plan and profit distribution policy) are subject to the resolutions of the board of directors of Xudong Haipu which must be passed by at least two-third of its directors in attendance under the articles of association of Xudong Haipu. As Tung Yang is entitled to appoint only four out of the seven directors of Xudong Haipu, Tung Yang does not have control over the operations and financial management of Xudong Haipu.

The completion of the acquisition took place on 5 September 2018.

Even the Company was holding 55% of shares of Xudong Haipu, since the resolutions requires at least 5 out of 7 directors' approval to pass, where the Company only entitled to appoint 4 directors on the board meeting, the Company does not have control over the associate.

(b) Grand Pharma Sphere was an associate of Grand Decade Developments Limited ("Grand Decade") and it was the immediate holder of Grand Pharma Sphere (Australia BidCo) Pte Ltd. ("BidCo").

(c) Nanjing Kainite Medical Technology Co., Ltd. ("Nanjing Kainite") was an associate of Grand Pharm (China). The Group is able to exercise significant influence over Nanjing Kainite because it has the power to appoint two out of the five directors of that company under the shareholders agreement.

During the year ended 31 December 2025, the Group completed the acquisition of further 30.64% equity interest in Nanjing Kainite. Upon completion of the acquisition, the Group's equity interest in Nanjing Kainite was 59.91% and Nanjing Kainite become a non-wholly owned subsidiary of the the Group.

(d) Xudong Haipu is a wholly foreign owned enterprise.

(e) These companies are wholly-domestic owned enterprises.

(f) In determining whether there is any objective evidence of impairment of the Group's interest in associate, the directors of the Company consider any loss events at the end of the reporting period which may have an impact on the estimated cash flows of its associates. The directors of the Company assessed there is no objective impairment indicators was identified. Accordingly, no impairment loss is recognised.

The above table lists associates of the Group which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net assets of the group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

20. GOODWILL

	HK$'000
As at 1 January 2024	588,622
Arising on acquisition of subsidiaries (note 38(a))	793,812
Impairment loss recognised for the year	(49,073)
Exchange realignment	(33,620)
As at 31 December 2024 and 1 January 2025	1,299,741
Arising on acquisition of subsidiaries (note 38(a))	312,161
Exchange realignment	64,973
As at 31 December 2025	**1,676,875**

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20. GOODWILL *(Continued)*

Impairment Tests for Cash-generating Units Containing Goodwill

Goodwill acquired has been allocated for impairment testing purposes to the following cash generating units ("CGU"):

- Wuhan Kernel Bio-tech Co., Ltd. ("Wuhan Kernel")
- Grand Pharmaceutical (Xiantao) Pharmaceutical Co., Ltd. (formerly known as Hubei Wellness Pharmaceutical Co., Ltd.) ("Grand Pharmaceutical (Xiantao)")
- Beijing Rui Yao Technology Limited ("Beijing Rui Yao")
- Beijing Grand Johamu Pharmaceutical Limited ("Johamu")
- Tianjin Jingming New Technology Development Co., Ltd. ("Tianjin Jingming")
- Grand Beilin (Xi'an) Pharmaceutical Co., Ltd. (formerly known as Xi'an Beilin Pharmaceutical Co., Ltd.) ("Grand Beilin (Xi'an)")
- Yuanda Huachen (Hubei) BioTech Co., Ltd(formerly known as Cangzhou Huachen BioTech Co., Ltd) ("Huachen BioTech")
- Beijing Puer Weiye Biotechnology Co., Ltd ("Puer Weiye")
- Yuanda Bafeng (Hubei) Pharmaceutical Co., Ltd. (formerly known as Hubei Bafeng Pharmaceutical & Chemicals Share Co., Ltd.) ("Hubei Bafeng")
- Chongqing Duoputai Pharmaceutical Co., Ltd. ("Chongqing Duoputai")
- Grand Johamu (Jiangxi) Pharmaceutical Co., Ltd. and Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd. (collectively referred to as "Baiji Pharmaceutical")
- Grand Pharmaceutical (Tianjin) Co., Ltd. ("Tianjin Tanabe")
- Qinghai Yixin Pharmaceutical Co., Ltd. ("Qinghai Yixin")
- Nanjing Kainite Medical Technology Company Limited ("Nanjing Kainite")

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20. GOODWILL *(Continued)*

Impairment Tests for Cash-generating Units Containing Goodwill *(Continued)*

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The carrying amount of goodwill (net of accumulated impairment losses) was allocated to CGU as follows:

	2025 HK$'000	2024 HK$'000
Wuhan Kernel	**15,529**	14,904
Grand Pharmaceutical (Xiantao) (formerly named as "Hubei Wellness")	**22,406**	21,504
Beijing Rui Yao	**23,929**	22,965
Johamu (formerly known as "Jiu He")	**178,344**	171,158
Tianjin Jingming	**20,275**	19,458
Grand Beilin (Xi'an) (formerly named as "Xi'an Beilin")	**121,350**	116,460
Huachen BioTech	**29,049**	27,878
Puer Weiye	**10,051**	9,646
Hubei Bafeng	**122,156**	117,233
Chongqing Duoputai	**502,026**	481,796
Baiji Pharmaceutical	**108,025**	103,672
Tianjin Tanabe	**201,174**	193,067
Qinghai Yixin	**211,691**	–
Nanjing Kainite	**110,870**	–
	1,676,875	1,299,741

Notes:

Wuhan Kernel

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by management covering a 5-year period, and the discount rate of approximately 12.5% (2024: 12.3%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Grand Pharmaceutical (Xiantao)

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 19.0% (2024: 12.5%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

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20. GOODWILL *(Continued)*

Impairment Tests for Cash-generating Units Containing Goodwill *(Continued)*

Notes: *(Continued)*

Beijing Rui Yao

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 13.1% (2024: 13.7%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Johamu

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 12.8% (2024: 15.0%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill and intangible assets are allocated, no impairment loss was recognised.

Tianjin Jingming

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 15.6% (2024: 15.5%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%).

With the assistance from an independent valuer, the directors determine the recoverable amount which based on value in use calculation to be lower than the carrying amount of CGU to which goodwill and intangible assets are allocated, an impairment loss of goodwill of approximately HK$20,052,000 was recognised for the year ended 31 December 2024. No impairment loss of other asset allocated to Tianjin Jingming is considered necessary for the year ended 31 December 2024. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause further impairment loss on goodwill and other assets of Tianjin Jingming.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill and intangible assets are allocated, no impairment loss was recognised for the year ended 31 December 2025.

Grand Beilin (Xi'an)

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 12.8% (2024: 14.5%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill and intangible assets are allocated, no impairment loss was recognised.

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20. GOODWILL *(Continued)*

Impairment Tests for Cash-generating Units Containing Goodwill *(Continued)*

Notes: *(Continued)*

Huachen BioTech

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 14.1% (2024: 14.1%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%).

With the assistance from an independent valuer, the directors determine the recoverable amount which based on value in use calculation to be lower than the carrying amount of CGU to which goodwill are allocated, an impairment loss of goodwill of approximately HK$29,021,000 was recognised for the year ended 31 December 2024. No impairment loss of other asset allocated to Tianjin Jingming is considered necessary for the year ended 31 December 2024.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised for the year ended 31 December 2025. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

Puer Weiye

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 13.2% (2024: 13.7%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum (2024: 2.0%). The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Hubei Bafeng

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 13.2% (2024: 13.7%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% (2024: 2.0%) growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill and intangible assets are allocated, no impairment loss was recognised.

Chongqing Duoputai

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 15.1% (2024: 15.2%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% (2024: 2.0%) growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

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20. GOODWILL *(Continued)*

Impairment Tests for Cash-generating Units Containing Goodwill *(Continued)*

Notes: *(Continued)*

Baiji Pharmaceutical

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 16.0% (2024: 16.1%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% (2024: 2.0%) growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Tianjin Tanabe

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 16.1% (2024: 16.5%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% (2024: 2.0%) growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Qinghai Yixin

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 12.2% that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

Nanjing Kainite

The recoverable amount of the CGU is determined by reference to the income approach, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 15.3% that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5 year period have been extrapolated using 2.0% growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

The other key assumptions used in the value in use calculations for the cash-generating units are as follows:

Budgeted-revenue-growth	Average revenue growth in the period immediately before the budget period forms a basis of budgeted revenue growth rate in the following five years forecast. The values assigned to the assumption reflect past experience and market expectation and are consistent with the directors' plans for focusing operations in these markets. Factors for assumption might include national inflation rate, national GDP growth rate, market demand, technological obsolete, etc. The directors believe that the budgeted revenue growth per year for the next five years is reasonably achievable.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience.

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21. PARTICULAR OF SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ operation	Form of business structure	Percentage of effective equity interest and voting power held by the Company		Particulars of issued/paid-up capital	Principal activities
			2025	2024		
Grand Pharm (China) Co., Ltd. ("Grand Pharm (China)")	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB2,351,254,765	Manufacture and sales of pharmaceutical products in the PRC
Wuhan Wuyao. Pharmaceutical Co. Ltd ("Wuhan Wuyao")	PRC/PRC	Limited liability company	**99.18% (indirect)**	99.18% (indirect)	Contributed capital RMB61,000,000	Production and sale of pharmaceutical raw material and chemicals and export of self-made products and related technologies
Wuhan Grand Hoyo Co., Ltd. ("Wuhan Grand Hoyo")	PRC/PRC	Limited liability company	**97.67% (indirect)**	97.67% (indirect)	Paid up capital RMB50,000,000	Manufacture and distribution of amino acid products
Hubei Grand Fuchi Production and Sales of and Chemical Company Limited ("Hubei Fuchi")	PRC/PRC	Limited liability company	**89.60% (indirect)**	89.60% (indirect)	Contributed capital RMB38,990,000	Pharmaceutical agrochemicals, fine chemicals and chemical medicine
Hubei Grand EBE Bright Eyes Company Limited ("Hubei Grand EBE")	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB114,000,000	Production and sales of ophthalmic gel and eye drops
Zhejiang Jianju Xianle Pharmaceutical Company Limited ("Zhejiang Xianle")	PRC/PRC	Limited liability company	**67.00% (direct)**	67.00% (direct)	Contributed capital RMB10,000,000	Manufacture and sales of steroid hormones active pharmaceutical ingredients ("APIs") and related Intermediates
Wuhan Kernel	PRC/PRC	Limited liability company	**91.56% (indirect)**	91.56% (indirect)	Contributed capital RMB79,200,000	Research and development, production and sale of bio-pesticides and additives
Grand Pharmaceutical (Xiantao)	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB48,000,000	Manufacture and sales of pharmaceutical products in the PRC
Beijing Rui Yao	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB23,901,750	Investment holding
Beijing Huajin Pharmaceutical Co., Ltd. ("Beijing Huajin")	PRC/PRC	Limited liability company	**71.88% (indirect)**	71.88% (indirect)	Contributed capital RMB7,886,400	Manufacture and sales of pharmaceutical products in the PRC

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For the year ended 31 December 2025

21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Form of business structure	Percentage of effective equity interest and voting power held by the Company		Particulars of issued/paid-up capital	Principal activities
			2025	2024		
Johamu	PRC/PRC	Limited liability company	**96.84% (indirect)**	96.84% (indirect)	Contributed capital RMB20,000,000	Manufacture and sales of capsules, pharmaceutical intermediates, tablets, granules and soft capsules in the PRC
Tianjin Jingming	PRC/PRC	Limited liability company	**73.18% (indirect)**	73.18% (indirect)	Contributed capital RMB1,000,000	Research and development, manufacture and sales of ophthalmic medical devices and disposal surgical product
Grand Beilin (Xi'an)	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB27,800,000	Manufacture and sales of Chinese medicine and health food product
Grand Decade	BVI/BVI	Limited liability company	**100% (direct)**	100% (direct)	Contributed capital HKD78,000	Investment holding
Tung Yang	Hong Kong/Hong Kong	Limited liability company	**100% (direct)**	100% (direct)	Contributed capital HKD27,654,100	Investment holding
Huachen BioTech	PRC/PRC	Limited liability company	**77.94% (indirect)**	77.94% (indirect)	Contributed capital RMB100,000,000	Research and development, sales and technical services of amino acid products
East Ocean Medical	Hong Kong/Hong Kong	Limited liability company	**100% (direct)**	100% (direct)	Contributed capital HKD117,000,000	Investment holding
Puer Weiye	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB18,000,000	Radioactive Pharmaceutical production and trading of radioactive pharmaceutical
Hubei Bafeng	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB30,000,000	Research and development, production and operation of amino acid APIs and preparations
BlackSwan Vascular, Inc.	US/US	Limited liability company	**87.50% (indirect)**	87.50% (indirect)	Contributed capital USD12,836,024	Research and development, liquid embolism
Grand Wuyao (Jiangsu) Pharmaceutical Co, Ltd. (formerly known as Lianyungang JARI Pharmaceutical Co, Ltd.) ("Grand Wuyao (Jiangsu)")(note (i))	PRC/PRC	Limited liability company	**78.35% (indirect)**	78.35% (indirect)	Contributed capital RMB100,000,000	Production and sale of pharmaceutical raw material and chemicals and export of self-made products and related technologies

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21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Form of business structure	Percentage of effective equity interest and voting power held by the Company		Particulars of issued/paid-up capital	Principal activities
			2025	2024		
Chongqing Duoputai (note (ii))	PRC/PRC	Limited liability company	**89.86% (indirect)**	89.86% (indirect)	Contributed capital RMB54,200,000	Manufacture and sales of Chinese medicine and health food product
Grand Johamu (Jiangxi) Pharmaceutical Co., Ltd. (note (iii))	PRC/PRC	Limited liability company	**96.84% (indirect)**	96.84% (indirect)	Contributed capital RMB28,000,000	Manufacture and sales of hormonal nasal spray and related technologies
Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd (note (iii))	PRC/PRC	Limited liability company	**96.84% (indirect)**	96.84% (indirect)	Contributed capital RMB4,000,000	Land holding
Grand Pharmaceutical (Tianjin) Co., Ltd (note (iv))	PRC/PRC	Limited liability company	**99.84% (indirect)**	99.84% (indirect)	Contributed capital RMB110,533,000	Manufacture and sales of cerebro cardiovascular product
Qinghai Yixin (note (v))	PRC/PRC	Limited liability company	**79.87% (indirect)**	–	Contributed capital RMB33,000,000	Production and sales of pharmaceutical products
Nanjing Kainite (note (vi))	PRC/PRC	Limited liability company	**59.81% (indirect)**	–	Contributed capital RMB2,494,341	Investment holding

(i) On 9 January 2024, the Group acquired 79.22% interest in Grand Wuyao (Jiangsu) . Upon completion of acquisition, the effective equity interest in Grand Wuyao (Jiangsu) held by the Group is approximately 78.35%.

(ii) On 20 February 2024, the Group acquired 63.00% interest in Chongqing Duoputai. In additional to the acquisition of 27.00% equity interest in Chongqing Duoputai completed in January 2024, which is classified as financial assets at that moment, the Group achieved 90% equity interest and has obtained control. Upon completion of the second acquisition, the effective equity interest in Chongqing Duoputai held by the Group is approximately 89.86%.

(iii) On 13 June 2024, the Group completed an acquisition on 100% interest in Baiji Pharmaceutical (currently known as Grand Johamu (Jiangxi) Pharmaceutical Co., Ltd) and Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd. Upon completion of acquisition, the effective equity interest in Baiji Pharmaceutical held by the Group is approximately 96.84%. During the year ended 31 December 2024, the Group has entered into written put option arrangement with non-controlling interests, pursuant to which the Group will purchase the remaining equity interest held by non-controlling interests at a price with predetermined multiples in the third year, along with the completed acquisition of Chongqing Duoputai.

(iv) On 3 July 2024, the Group acquired 100.00% equity interest in Tianjin Tanabe. Upon completion of acquisition, the effective equity interest in Tianjin Tanabe held by the Group is approximately 99.84%.

(v) On 10 March 2025, the Group acquired an 80.00% interest in Qinghai Yixin. Upon completion of acquisition, the effective equity interest in Qinghai Yixin held by the Group is approximately 79.87%.

(vi) On 31 March 2025, the Group completed the acquisition of further 30.64% equity interest in Nanjing Kainite and obtained the control on the company and its subsidiary. Upon completion of acquisition, the effective equity interest in Nanjing Kainite held by the Group is approximately 59.81%.

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21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Detail of non-wholly owned subsidiaries that have material non-controlling interests

Name of Company	Place of incorporation/ registration and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profits/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	**2025**	2024	**2025**	2024
Wuhan Grand Hoyo	PRC/PRC	**2.33%**	2.33%	**3,310**	5,315	**26,218**	21,913
Johamu	PRC/PRC	**3.16%**	3.16%	**17,020**	16,644	**35,753**	17,611
Wuhan Kernel	PRC/PRC	**8.44%**	8.44%	**3,408**	4,348	**38,395**	33,956
Qinghai Yixin	PRC/PRC	**20.13%**	–	**11,350**	–	**65,252**	–
Nanjing Kainite	PRC/PRC	**40.19%**	–	**(5,775)**	–	**57,996**	–

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Wuhan Grand Hoyo and its subsidiaries

	2025 HK$'000	2024 HK$'000
Current assets	**1,292,965**	1,119,466
Non-current assets	**383,260**	350,596
Current liabilities	**(422,556)**	(509,423)
Non-current liabilities	**(128,439)**	(20,059)
Equity attributable to owners of the Company	**1,099,012**	918,667
Non-controlling interests	**26,218**	21,913
Revenue	**1,708,246**	1,769,250
Other revenue and income	**24,854**	32,257
Expenses	**(1,591,033)**	(1,573,402)
Profit for the year	**142,067**	228,105
Profit attributable to owners of the Company	**138,757**	222,790
Profit attributable to non-controlling interests	**3,310**	5,315
Total comprehensive income for the year	**184,650**	197,156
Total comprehensive income attributable to owners of the Company	**180,345**	192,563
Total comprehensive income attributable to non-controlling interests	**4,305**	4,593
Dividend paid to non-controlling interest	**–**	(3,792)
Net cash inflow from/(outflow to) operating activities	**499,697**	(31,741)
Net cash outflow to investing activities	**(13,645)**	(9,362)
Net cash (outflow to)/inflow from financing activities (exclude dividend paid to non-controlling interests)	**(226,271)**	218,773
Effect of foreign exchange rate charges	**18,487**	3,540
Net cash inflow	**278,268**	177,418

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For the year ended 31 December 2025

21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Detail of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Wuhan Kernel

	2025 HK$'000	2024 HK$'000
Current assets	**295,806**	279,771
Non-current assets	**395,395**	337,665
Current liabilities	**(168,085)**	(199,782)
Non-current liabilities	**(68,203)**	(15,328)
Equity attributable to owners of the Company	**416,518**	368,370
Non-controlling interests	**38,395**	33,956
Revenue	**467,534**	410,293
Other revenue and income	**14,805**	11,312
Expenses	**(441,956)**	(370,088)
Profit for the year	**40,383**	51,517
Profit attributable to owners of the Company	**36,975**	47,169
Profit attributable to non-controlling interests	**3,408**	4,348
Total comprehensive income for the year	**52,855**	33,034
Total comprehensive income attributable to owners of the Company	**48,148**	30,425
Total comprehensive income attributable to non-controlling interests	**4,707**	2,609
Dividend paid to non-controlling interest	**(268)**	(237)
Net cash inflow from/(outflow to) operating activities	**30,028**	(13,322)
Net cash outflow to investing activities	**(4,678)**	(4,486)
Net cash inflow from financing activities (excluding dividend paid to non-controlling interest)	**31,893**	869
Effect of foreign exchange rate charges	**2,309**	(323)
Net cash inflow/(outflow)	**59,284**	(17,499)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Detail of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Johamu and its subsidiaries

	2025 HK$'000	2024 HK$'000
Current assets	**1,252,699**	654,221
Non-current assets	**355,621**	363,822
Current liabilities	**(458,810)**	(441,644)
Non-current liabilities	**(18,075)**	(19,080)
Equity attributable to owners of the Company	**1,095,682**	539,708
Non-controlling interests	**35,753**	17,611
Revenue	**1,994,918**	1,642,322
Other (expense and loss)/revenue and income, net	**(16,707)**	(1,245)
Expenses	**(1,439,611)**	(1,114,360)
Profit for the year	**538,600**	526,717
Profit attributable to owners of the Company	**521,580**	510,073
Profit attributable to non-controlling interests	**17,020**	16,644
Total comprehensive income for the year	**574,116**	508,318
Total comprehensive income attributable to owners of the Company	**555,974**	492,288
Total comprehensive income attributable to non-controlling interests	**18,142**	16,030
Dividend paid to non-controlling interest	**–**	(14,958)
Net cash inflow from operating activities	**474,814**	77,427
Net cash outflow to investing activities	**(45,899)**	(38,339)
Net cash (outflow to)/inflow from financing activities (excluding dividend paid to non-controlling interest)	**(467,318)**	757
Effect of foreign exchange rate charges	**810**	(1,001)
Net cash (outflow)/inflow	**(37,593)**	23,886

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For the year ended 31 December 2025

21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Detail of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Qinghai Yixin

	2025 HK$'000
Current assets	**164,946**
Non-current assets	**373,017**
Current liabilities	**(162,646)**
Non-current liabilities	**(51,164)**
Equity attributable to owners of the Company	**258,901**
Non-controlling interests	**65,252**
Revenue	**282,673**
Other revenue and income	**1,081**
Expenses	**(227,371)**
Profit for the year	**56,383**
Profit attributable to owners of the Company	**45,033**
Profit attributable to non-controlling interests	**11,350**
Total comprehensive income for the year	**63,696**
Total comprehensive income attributable to owners of the Company	**50,535**
Total comprehensive income attributable to non-controlling interests	**13,161**
Dividend paid to non-controlling interest	**–**
Net cash inflow from operating activities	**14,457**
Net cash outflow from investing activities	**(787)**
Net cash outflow to financing activities (excluding dividend paid to non-controlling interest)	**–**
Effect of foreign exchange rate charges	**367**
Net cash inflow	**14,037**

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For the year ended 31 December 2025

21. PARTICULAR OF SUBSIDIARIES *(Continued)*

Detail of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Nanjing Kainite and its subsidiary

	2025 HK$'000
Current assets	**5,210**
Non-current assets	**157,961**
Current liabilities	**(1,095)**
Non-current liabilities	**(17,771)**
Equity attributable to owners of the Company	**86,309**
Non-controlling interests	**57,996**
Revenue	**–**
Other revenue and income	**46**
Expenses	**(14,416)**
Loss for the year	**(14,370)**
Loss attributable to owners of the Company	**(8,595)**
Loss attributable to non-controlling interests	**(5,775)**
Total comprehensive loss for the year	**(10,274)**
Total comprehensive loss attributable to owners of the Company	**(6,300)**
Total comprehensive loss attributable to non-controlling interests	**(3,974)**
Dividend paid to non-controlling interest	**–**
Net cash outflow from operating activities	**(823)**
Net cash outflow from investing activities	**(303)**
Net cash outflow to financing activities (excluding dividend paid to non-controlling interest)	**–**
Effect of foreign exchange rate charges	**39**
Net cash outflow	**(1,087)**

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22. INTANGIBLE ASSETS

	Pharmaceutical technology	Patent, trademark and capitalised development cost	Acquired technology	Customer relationship	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
As at 1 January 2024	6,954	837,121	967,039	–	1,811,114
Acquisition of subsidiaries (note 38(a))	–	–	451,724	84,637	536,361
Addition	–	1,021	40,233	–	41,254
Exchange realignment	(228)	(27,450)	(34,419)	(1,629)	(63,726)
As at 31 December 2024 and 1 January 2025	6,726	810,692	1,424,577	83,008	2,325,003
Acquisition of subsidiaries (note 38(a))	–	–	481,074	–	481,074
Addition	–	539	795,414	–	795,953
Exchange realignment	282	34,052	66,919	3,485	104,738
As at 31 December 2025	**7,008**	**845,283**	**2,767,984**	**86,493**	**3,706,768**
Accumulated amortisation and impairment loss					
As at 1 January 2024	2,984	–	151,251	–	154,235
Provided for the year	343	–	79,125	14,593	94,061
Exchange realignment	(104)	–	(5,636)	(281)	(6,021)
As at 31 December 2024 and 1 January 2025	3,223	–	224,740	14,312	242,275
Provided for the year	343	–	153,720	29,856	183,919
Exchange realignment	143	–	9,727	1,273	11,143
As at 31 December 2025	**3,709**	**–**	**388,187**	**45,441**	**437,337**
Net carrying amounts					
As at 31 December 2025	**3,299**	**845,283**	**2,379,797**	**41,052**	**3,269,431**
As at 31 December 2024	3,503	810,692	1,199,837	68,696	2,082,728

The economic useful life of recognised intangible assets are as follows:

Intangible assets	Economic useful life
Pharmaceutical technology	20 years
Acquired technology	5 years–19 years
Patents, trademarks and capitalised development cost	indefinite useful lives
Customer relationship	5 years

The patents and trademarks will expire in the coming five to twenty years and subject to renewal. The directors of the Company are not aware of any expected impediment with respect to the renewal of the patents and trademarks and consider that the possibility of failing in renewal is remote and the patents and trademarks will generate net cash flows for the Group for an indefinite period. Therefore, the patents and trademarks are treated as having an indefinite useful life.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTANGIBLE ASSETS *(Continued)*

The carrying amount of intangible assets were allocated to CGU as follow:

	2025	2024
	HK$'000	HK$'000
Johamu	**499,448**	479,323
Tianjin Jingming	**52,018**	44,922
Grand Beilin (Xi'an)	**191,003**	182,098
East Ocean	**142,691**	38,816
Shenming Medical	**8,336**	8,502
Hubei Bafeng	**67,010**	64,310
Chongqing Duoputai	**216,253**	257,618
Baiji Pharmaceutical	**197,443**	167,431
Tianjin Tanabe	**46,513**	49,894
Qinghai Yixin	**325,176**	–
Nanjing Kainite	**110,721**	–
	1,856,612	1,292,914

For the purposes of impairment testing, goodwill, patents, trademarks and customer relationship above have been allocated to the acquired cash generating units, details of impairment assessment were set out in note 20. During the years ended 31 December 2025 and 2024, the management of the Group determined that there was no impairment loss to the intangible assets.

23. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and the movements thereof during the current and prior years:

	Allowance and provision	**Total**
	HK$'000	HK$'000
As at 1 January 2024	25,111	25,111
Acquisition of subsidiaries (note 38(a))	4,594	4,594
Credited to profit or loss (note 11)	4,766	4,766
Exchange realignment	(1,015)	(1,015)
As at 31 December 2024 and 1 January 2025	33,456	33,456
Credited to profit or loss (note 11)	35,440	35,440
Exchange realignment	1,736	1,736
As at 31 December 2025	**70,632**	**70,632**

As at 31 December 2025, the Group has estimated unused tax losses of approximately HK$1,580,570,000 (2024: HK$1,156,968,000) available to offset against future profits. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams.

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For the year ended 31 December 2025

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK$'000	2024 HK$'000
Unlisted equity securities (note a)	**38,800**	223,643
Listed equity securities (note b)	**170,856**	24,081
	209,656	247,724

Notes:

(a) As at 31 December 2025 and 2024, the fair value of the unlisted equity securities was arrived on the basis of valuations carried out by an independent professional valuer, details of movements are set out in note 5(b)(vi).

(b) As at 31 December 2025 and 2024, the fair value of the listed equity securities was determined with reference to quoted market bid prices.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Listed equity security in Hong Kong (note (a))	**16,666**	9,333
Listed equity security in Australia (note (a))	**350,146**	1,294,065
Investments at fair value (note (b))	**162,902**	134,262
Convertible loan (note (c))	**394,455**	362,301
	924,169	1,799,961

Notes:

(a) Fair value was determined with reference to quoted market bid prices.

(b) As at 31 December 2025 and 2024, the Group's investments mainly included unlisted fund with fair value measured based on valuation carried out by independent valuer, details of are set out in note 5(b)(vi) and wealth management products with fair values determined by reference to the quoted market bid prices available on the relevant PRC market.

(c) On 22 August 2023, the Group entered into a convertible loan agreement with Grand Pharma Sphere to make available a convertible loan to Grand Pharma Sphere at an aggregate principal amount of US$48,340,000 (equivalent to approximately HK$386,485,000) with drawndown date on 22 August 2023 and maturity date on 22 August 2024. The convertible loan bears interest of 7.4% per annum and could be converted into ordinary shares of Grand Pharma Sphere with its accrued interest and principal, subject to conditions. For details, please refer to announcement dated on 21 August 2023.

Following the extension during the year ended 31 December 2025 and 2024, the maturity date of the convertible loan has been extended to 30 June 2026.

Details of fair value measurement are set out in note 5(b)(vi).

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26. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	**366,703**	266,429
Work-in-progress	**269,672**	351,240
Finished goods	**847,816**	752,913
	1,484,191	1,370,582

27. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables, net (note (a))	**1,800,557**	1,156,903
Bills receivables (note (b))	**1,677,050**	1,426,011
Deposits and prepayments (note (c))	**1,860,806**	1,661,873
Other tax receivables	**167,440**	136,237
Other receivables, net (note (a))	**200,409**	144,105
	5,706,262	4,525,129
Less: non-current portion of prepayments (note (c))	**(1,026,776)**	(1,070,540)
	4,679,486	3,454,589

Notes:

(a) The Group generally allows a credit period of 30-180 days (2024: 30-180 days) to its trade customers. The Group does not hold any collaterals over the trade and other receivables. The following is an aging analysis of trade receivables presented based on the invoice date at the reporting date.

	2025 HK$'000	2024 HK$'000
Trade receivables	**2,009,067**	1,307,914
Less: allowance for ECL	**(208,510)**	(151,011)
Total trade receivables	**1,800,557**	1,156,903

The ageing analysis of the trade receivables is as follows:

	2025 HK$'000	2024 HK$'000
Within 90 days	**1,415,063**	974,187
91–180 days	**247,698**	136,143
181–365 days	**137,796**	46,573
	1,800,557	1,156,903

As of 1 January 2024, the carrying amount of trade receivables from contracts with customers amounted to HK$958,261,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

	2025 HK$'000	2024 HK$'000
Other receivables	**238,926**	191,383
Less: allowance for ECL	**(38,517)**	(47,278)
Total other receivables	**200,409**	144,105

Allowance for ECL in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivable balances directly.

The Group does not hold any collateral or other credit enhancement over its trade and other receivables balances. Trade and other receivables are non-interest bearing.

Details of impairment assessment of trade and other receivables are set out in note 5(b)(iv).

(b) The bills receivables were all with maturity within 180 days from the reporting date.

(c) During the year ended 31 December 2025, prepayments amounted to approximately HK$1,271,534,000 (2024: HK$1,217,166,000) which mainly comprised of the prepayment for the acquisition of technical know-how. The prepayments mainly paid to certain third-party pharmaceutical institutes mainly located in the PRC, Australia, Canada, Germany, Denmark and India (2024: PRC, Australia, Canada, Germany, Denmark and India) for the acquisition of certain technical knowhow for certain medication pursuant to agreements entered into between the Group and those pharmaceutical institutes.

Specially, as at 31 December 2025 and 2024, the prepayment mainly comprise of the followings:

(i) The Group had prepaid of approximately USD25,000,000 (2024: USD25,000,000) (equivalent to approximately HK$194,527,000 (2024: HK$195,000,000)) to Telix Pharmaceuticals Limited related to the milestones payments pursuant to the licensing agreement. Details of which are stated in the Company published announcement dated 1 November 2020.

(ii) The Group had prepaid of approximately EUR27,750,000 (2024: EUR27,750,000) (equivalent to approximately HK$241,089,000 (2024: HK$231,373,000)) to ITM Isotope Technologies Munich SE related to the milestones payments of acquisition and license of certain technical know-how. Details of which are stated in the Company published announcement dated 27 December 2021.

(iii) The Group had prepaid of approximately EUR10,000,000 (2024: EUR10,000,000) (equivalent to approximately HK$72,736,000 (2024: HK$80,404,000)) to InnovHeart S.r.l. related to the upfront payments of acquisition of certain technical know-how for the year ended 31 December 2025 and 2024.

(iv) The Group had prepaid of approximately USD8,579,000 (equivalent to approximately HK$66,644,000) to Conavi Medical Inc. related to the milestones payments of acquisition of certain technical know-how for the year ended 31 December 2024. The condition was fulfilled and recognised as intangible assets during the year ended 31 December 2025.

(v) the Group had prepaid of approximately HK$120,496,000 to LianBio Development (HK) Limited for acquiring the exclusive development, production and commercialization rights after fulfilling certain condition for the year ended 31 December 2025.

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For the year ended 31 December 2025

28. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2025 HK$'000	2024 HK$'000
Cash at banks	**1,142,370**	1,340,979
Pledged bank deposits	**22,588**	–

At the end of the reporting period, cash and cash equivalents comprise of the followings:

	2025 HK$'000	2024 HK$'000
HK$	**656**	973
USD	**187,436**	150,335
Australian dollars (the "AUD")	**434**	2,138
Euro dollars (the "EUR")	**434**	6,004
RMB	**953,407**	1,181,486
Others	**3**	43
	1,142,370	1,340,979

As at 31 December 2025, included in pledged bank deposit of approximately HK$22,588,000 (2024: HK$nil) are pledged as collateral for bills payables.

As at 31 December 2025, the annual effective interest rate on pledged bank deposits is 0.85% (2024: nil).

The remittance of cash and cash equivalents denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	**882,790**	640,885
Bills payables	**935,635**	576,475
Accruals and other payables (note (i), (ii) and (iii), (v))	**2,097,365**	1,613,513
Other tax payables	**126,691**	97,214
	4,042,481	2,928,087
Less: Non-current portion of other payables (note (iv))	**(105,798)**	–
	3,936,683	2,928,087

Note:

(i) Included in accruals and other payables, a contingent consideration payable of approximately HK$118,013,000 arising from share purchase agreement to acquire 87.5% equity interests of BlackSwan Vascular, Inc at the acquisition date. The contingent consideration is payable based on the achievement of certain revenue targets and approval targets. The contingent consideration payable was recognised initially with reference to management's best estimates of future revenue projections, and probabilities of achieving the specified targets. As at 31 December 2025, the contingent consideration payables to the original shareholders of BlackSwan Vascular, Inc based on the assumption of achievement of certain revenue targets and approval targets was recognised at approximately HK$33,391,000 in aggregate. (2024: HK$41,307,000).

(ii) Included in accruals and other payables, a contingent consideration payable of approximately HK$71,666,000 arising from share purchase agreement to acquire 100.0% equity interests of Baiji Pharmaceutical at the acquisition date. The contingent consideration is payable based on the achievement of certain revenue targets and approval targets. The contingent consideration payable was recognised initially with reference to management's best estimates of future revenue projections, and probabilities of achieving the specified targets and revenue. As at 31 December 2025, the contingent consideration payables to the original shareholders of Baiji Pharmaceutical based on the assumption of achievement of certain revenue targets and approval targets was recognised at approximately HK$50,725,000 in aggregate (2024: HK$76,705,000).

(iii) During the year ended 31 December 2024, the Group has entered into put option arrangement with non-controlling interests, pursuant to which the Group will purchase the remaining equity interest in a subsidiary held by non-controlling interests at a price, either RMB75,000,000 or 10% of amount calculated at 10.7 times of net profits of acquired subsidiary for preceding full year, in the third year, along with the completed acquisition of subsidiary. The difference between carrying amount of non-controlling interests that reclassified to liability and fair value of written put option liability is also recognised in the other reserve.

(iv) During the year ended 31 December 2025, the Group acquired an 80.00% interest in Qinghai Yixin at a total consideration of RMB392,000,000 which are payable in 2 installments by end of 31 March 2027. As at 31 December 2025, the consideration payable of approximately HK $105,798,000 was recognised as a non-current liability.

(v) During the year ended 31 December 2025, the Group acquired an 30.64% equity interest in Nanjing Kainite at a total consideration of RMB$109,384,000 which are payable in 3 installments by end of 31 December 2026. As at 31 December 2025, the consideration payable of approximately HK$ 107,414,000 was included in other payables.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Within 90 days	**485,405**	387,730
Over 90 days	**397,385**	253,155
	882,790	640,885

The average credit period on purchases of goods is 90 days.

The bills payables are mature within 180 days from the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Amount received in advance in relation to sales of pharmaceutical products (note)	**323,926**	242,719

Notes:

(a) As at 1 January 2024, contract liabilities amounted to approximately HK$198,173,000.

(b) Contract liabilities in relation to sales of finished goods are expected to be settled within one year. The entire amount of contract liabilities as at 1 January 2025 was all recognised as revenue during current year.

31. BANK AND OTHER BORROWINGS

	2025 HK$'000	2024 HK$'000
Bank borrowings (secured and guaranteed) (note)	**3,547,394**	3,288,986
Bank borrowings (unsecured) (note)	**1,122,089**	1,070,170
Other borrowings (unsecured)	**–**	24,471
	4,669,483	4,383,627
Carrying amount repayable:		
On demand or within one year	**2,828,720**	3,127,347
More than one year but not exceeding two years	**788,867**	927,438
More than two years but not more than five years	**870,703**	197,305
More than five years	**181,193**	131,537
	4,669,483	4,383,627
Less: non-current portion	**(1,840,763)**	(1,256,280)
Current portion	**2,828,720**	3,127,347

Note: On 31 January 2024, the Group has borrowed a secured bank borrowing of HK$800,000,000 that was charged at variable interest rate of 1.35% plus HIBOR.

Except above, remaining bank borrowings of the Group are denominated in RMB.

As at 31 December 2025 and 2024, the bank loans of approximately HK$3,607,563,000 and HK$1,061,920,000 are granted by banks in the PRC and Hong Kong respectively.

As at 31 December 2025 and 2024, certain bank loans are guaranteed by Hebei Huayang Group Co., Ltd., a non-controlling shareholder of a subsidiary (2024: China Grand Enterprises Incorporation, a related company with common controlling shareholder of the Company), and secured by the buildings, right-of-use assets and interests in subsidiaries of the Group in the PRC as detailed in note 41.

Except for the bank loans of approximately HK$1,474,495,000 (2024: HK$1,991,669,000) that were charged at fixed interest rate 2.20% to 4.98% (2024: 2.20% to 4.98%) per annum, all other bank loans bear variable interest rates from 2.35% to 4.79% (2024: 2.45% to 5.58%) per annum.

Notes to the Consolidated Financial Statements

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32. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the current reporting periods and at the date of transition of HKFRS 16:

	As at 31 December 2025		As at 31 December 2024	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**12,646**	**15,266**	18,315	20,986
After 1 year but within 2 years	**11,252**	**13,162**	8,510	10,493
After 2 years but within 5 years	**26,982**	**29,455**	21,947	25,400
After 5 years	**2,043**	**2,110**	10,147	10,561
	40,277	**44,727**	40,604	46,454
	52,923	**59,993**	58,919	67,440
Less: total future interest expenses		**(7,070)**		(8,521)
Present value of lease obligations		**52,923**		58,919

	As at 31 December 2025 HK$'000	As at 31 December 2024 HK$'000
Current liabilities	**12,646**	18,315
Non-current liabilities	**40,277**	40,604
	52,923	58,919

The carrying amount of the lease liabilities approximate their fair value. As at 31 December 2025, the Group leased right-of-use assets under lease liabilities with net book value approximately HK$47,236,000 (2024: HK$53,699,000).

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33. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Details of amounts due from related companies are as follows:

Name of related companies (note (a)):	**2025 HK$'000**	2024 HK$'000
Amounts due from related companies under common control of members/shareholder of the Group		
Hebei Grand Jiufu Biochemical Co., Ltd.	**1,948**	7,879
Jiangsu Grand Xinyi Pharmaceutical Company Limited	**5,719**	8,339
Huadong Medicine Co. Ltd	**42,645**	40,560
Guangdong Leiyunshang Pharmaceutical Company Limited	**887**	1,254
Shenyang Yaoda Leiyunshang Pharmaceutical Company Limited	**12**	172
Henan Grand Bio-Pharm. Co., Ltd	**181**	161
Beijing Yanhuang Property Co., Ltd	**563**	270
Hubei Meiqi Health Technology Co., Ltd	**–**	270
China Grand Group Co., Ltd.	**2,901**	829
Beijing Haiwan Banshan Hotel Management Co., Ltd.	**76**	16
Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.	**68**	–
Jiangsu Jiuyang Biopharmaceuticals Co., Ltd.	**–**	164
Xi'an Yuanda Detian Pharmaceutical Co., Ltd.	**78**	596
Beijing Yuanda Chuangxin Property Management Co., Ltd	**210**	101
Lys Pharmaceutical Co., Ltd	**–**	161
Xi'an Yuanda Science and Technology Innovation Pharmaceutical Technology Co., Ltd	**–**	129
East China Medicine Wenzhou Co., Ltd	**–**	336
Hangzhou Grand Bio-Pharm. Co., Ltd	**39**	–
Yuanda Crop Science (Shanxi) Co., Ltd.	**380**	–
	55,707	61,237
Less: allowance for ECL	**(984)**	(1,826)
	54,723	59,411

Note:

(a) The name of related companies are English translation of Chinese name or words which are included for identification purpose only and should not be regarded as the official English name or official translation of such Chinese name or words.

Details of impairment assessment as at 31 December 2025 and 2024 are set out in note 5(b)(iv).

The Group had policy regarding impairment losses on amounts due from related parties which was based on the evaluation of collectability and on the management's judgement including the current creditworthiness and the past collection history of each related party.

Members of the shareholder of the Group have controlling interests over the related companies.

The amounts due from/(to) related companies are unsecured, interest-free and recoverable/repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereof during the current and prior years:

	Intangible assets	Property, plant and equipment and right-of-use assets	Investment properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024	145,958	56,802	18,866	221,626
Acquisition of subsidiaries (Note 38(a))	74,530	19,193	–	93,723
(Credit)/charged to profit or loss (Note 11)	–	(6,956)	826	(6,130)
Exchange realignment	(6,236)	(1,998)	(634)	(8,868)
As at 31 December 2024 and 1 January 2025	214,252	67,041	19,058	300,351
Acquisition of subsidiaries (Note 38(a))	66,704	1,356	–	68,060
Credit to profit or loss (Note 11)	(3,446)	(11,269)	(919)	(15,634)
Exchange realignment	11,102	2,606	780	14,488
As at 31 December 2025	**288,612**	**59,734**	**18,919**	**367,265**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$10,555,629,000 (2024: approximately HK$9,868,378,000) and the estimated tax liabilities of approximately HK$527,781,000 (2024: approximately HK$493,419,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

35. AMOUNT DUE TO THE IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

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36. DEFERRED INCOME

The movement of deferred income is set out below:

	HK$'000
As at 1 January 2024	240,105
Compensation received during the year (note (c), (g), (h) and (i))	88,627
Credit to profit or loss	(22,229)
Exchange realignment	(11,134)
As at 31 December 2024 and 1 January 2025	295,369
Compensation received during the year	26,852
Credit to profit or loss	(21,813)
Exchange realignment	15,897
As at 31 December 2025	**316,305**

Notes:

(a) On 5 February 2010, Grand Pharm (China) received a notice from Wuhan Municipal Government requesting it to relocate its existing production facilities to other places. According to the required land resumption procedures, Grand Pharm (China) submitted to the relevant municipal authorities an application for resumption of state-owned land use rights on 10 November 2010. Pursuant to the submission by Grand Pharm (China), the Land Reserve Centre had agreed to resume the land and buildings, structure and attachments (including immovable plant and equipment) located thereon and thereunder at the place where the production facilities of Grand Pharm (China) are situated (the "PRC Property").

On 25 November 2010, Grand Pharm (China) entered into an agreement with the Land Reserve Centre (the "Agreement") which provides for detailed provisions as to Grand Pharm (China)'s agreement to surrender the PRC Property to the Land Reserve Centre and to relocate its production facilities to other locations and the Land Reserve Centre's agreement to compensate for the resumption of the PRC Property and the relocation of the production facilities by Grand Pharm (China) (the "Relocation"). The compensation, as mutually agreed between Grand Pharm (China) and the Land Reserve Centre, amounts to RMB855,000,000 (the "Compensation") and will be settled by instalments in the way as further detailed below.

Pursuant to the Agreement, the Compensation for the Relocation of RMB855,000,000 is comprising (i) a relocation commencement fee of RMB100,000,000; (ii) compensation for loss of profits of RMB85,500,000; and (iii) other compensation of RMB669,500,000, which shall be payable by the Land Reserve Centre to Grand Pharm (China) as follows:

(i) RMB171,000,000, which includes the relocation commencement fee of RMB100,000,000 (equivalent to approximately HK$114,943,000), is payable within 30 working days from the effective date of the Agreement (the "First Instalment"). This amount was received by Grand Pharm (China) during the year ended 31 December 2010 upon the fulfillment of certain conditions by the Group, which includes the procurement and provision of documents necessary for the initiation of the Relocation. The remaining amount of RMB71,000,000 (equivalent to approximately HK$83,529,000) was also received by Grand Pharm (China) during the year ended 31 December 2010.

(ii) RMB85,500,000 (equivalent to approximately HK$105,329,000), is payable within 30 working days upon completion of the responsibilities of Grand Pharm (China) as stated in Clauses 11(1)(i) and (ii) of the Agreement, which include, among other things, the surrender of all relevant documents in respect of the PRC Property to the Land Reserve Centre for deregistering the title to land within 15 days after the effective date of the Agreement, and the commencement of the relocation plan and construction of production facilities at the new location(s) (the "Second Payment"). This amount was received by Grand Pharm (China) during the year ended 31 December 2011.

Notes to the Consolidated Financial Statements

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36. DEFERRED INCOME *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

(iii) RMB427,500,000, being 50% of the Compensation, is payable commencing from the completion of the Second Payment, by semiannual instalments of RMB85,500,000 each, and shall pay within 30 days of the last month of each instalment period until completion of the payment for the last instalment or until completion of relocation and delivery of vacant possession of the PRC Property to the Land Reserve Centre by Grand Pharm (China) (in which case the instalment payments will be consolidated or accelerated), whichever is earlier. During the year ended 31 December 2011 and 2013, RMB85,500,000 and RMB283,500,000 (equivalent to approximately HK$105,330,000 and HK$357,580,000) were received by Grand Pharm (China) respectively. During the year ended 31 December 2014, RMB58,500,000 (equivalent to approximately HK$73,629,000) was received by Grand Pharm (China).

(iv) the last instalment of RMB171,000,000 is payable within 30 days upon completion of relocation and delivery of vacant possession of the PRC Property to the Land Reserve Centre by Grand Pharm (China) and the receipt of all title documents in respect of the PRC Property by the Land Reserve Centre from Grand Pharm (China). During the year ended 31 December 2014, RMB171,000,000 (equivalent to approximately HK$215,219,000) was received by Grand Pharm (China).

The Compensation received or which becomes receivable is initially recognised as deferred income and subsequently recognised as income in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the Compensation is intended to compensate. The Compensation which is intended for expenses of losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it is received or becomes receivable.

The relocation commencement fee of RMB100,000,000 (equivalent to approximately HK$114,943,000), being part of the First Instalment, was received by Grand Pharm (China) upon the fulfillment of certain conditions by the Group, which included the procurement and provision of documents necessary for the initiation of the Relocation. The relocation commencement fee was recognised in the profit for the year ended 31 December 2010 upon the fulfillment of the aforesaid conditions by the Group.

The remaining part of the Compensation of RMB755,000,000 is intended to compensate the Group for (i) loss of profit as to the amount of RMB85,500,000 and (ii) the cost of removing the production facilities, the cost of establishing new production facilities in other places and the estimated future appreciation in value of the land as included in the PRC Property and other related expenses. The Compensation related to depreciable assets is recognised in profit or loss over the periods and in the proportion in which depreciation expense on those assets is recognised. The Compensation related to the loss of profits and expenses of removing the production facilities is recognised in profit or loss in the same period as the recognition of the relevant loss or expenses. In the event that the relevant loss or expenses are unable to be identified, the recognition of the related part of the Compensation to profit or loss will be deferred until the completion of the Relocation. During the years ended 31 December 2010 and 2011, the Group has received part of the Compensation of RMB71,000,000 (equivalent to approximately HK$83,529,000) and RMB171,000,000 (equivalent to approximately HK$210,659,000) respectively. During the years ended 31 December 2012, the Group did not receive any Compensation. During the years ended 31 December 2013 and 2014, the Group has received part of Compensation of RMB283,500,000 (equivalent to approximately HK$357,580,000) and RMB229,500,000 (equivalent to approximately HK$288,848,000) respectively.

During the year ended 31 December 2020, Wuhan Wuyao received one of the construction completion reports to verify partially the completion of the Relocation. Therefore, the Group recognised approximately RMB20,464,000 (equivalent to approximately HK$22,994,000) related to depreciable assets over their useful life and approximately RMB101,910,000 (equivalent to approximately HK$114,509,000) in regards to relevant loss or expenses which were unable to identified and deferred until completion of the Relocation.

(b) Wuhan Kernel entered into an agreement with The People's Government of Xiantao which provides for detailed provisions as to promote economic development of Xiantao and expand its operation scale.

During the year ended 31 December 2021, Wuhan Kernel entered into an agreement with Xiantao Municipal Bureau of Economy and Information Technology which provides subsidies for operational expansion. The compensation, as mutually agreed between Wuhan Kernel and Xiantao Municipal Bureau of Economy and Information Technology, amounts to RMB5,800,000 (equivalent to approximately HK$6,987,000). The expansion was finished during the year then ended and the Company achieve the consideration and obtain the approval from the PRC Government. The compensation was recognised in the statement of profit or loss started from 31 December 2021 over five years.

During the year ended 31 December 2022, Wuhan Kernel entered into an agreement with The People's Government of Xiantao which provides for research and development expenditure allowance, amounts to RMB900,000 (equivalents to HK$1,048,000). The Company achieve all consideration and obtain the approval from the PRC Government.

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36. DEFERRED INCOME *(Continued)*

Notes: *(Continued)*

(c) On 20 September 2019, Wuhan Wuyao entered into an agreement with The People's Government of Xiantao which provides for land bidding. The compensation, as mutually agreed between Wuhan Wuyao and The People's Government of Xiantao, amounts to RMB12,111,000 (equivalent to approximately HK$13,608,000). The acquisition of land right use was finished at 29 May 2020, the Company achieve the consideration and obtain the approval from the PRC Government. The compensation was recognised in the statement of profit or loss started from 31 December 2020 over useful lives of the land right use.

During the year ended 31 December 2023, Wuhan Wuyao entered into an agreement with The People's Government of Wuhan which provides for cultivate talents allowance, amounts to RMB1,900,000 (equivalents to HK$2,103,000). The Company achieve all consideration and obtain the approval from the PRC Government.

During the year ended 31 December 2024, Wuhan Wuyao has applied for cultivate talents scheme issued by The People's Government of Wuhan which provides allowance for the corporate to employee the highly educated staffs. The application is approved and the amount of RMB1,000,000 (equivalents to approximately HK$1,085,000) was received. The allowance was recognised in the statement of profit or loss over 3-year period, which is the basic employment period of the scheme.

(d) On 15 July 2021, Grand Pharmaceutical (Xiantao) entered into an agreement with The People's Government of Xiantao which provides for research and development expenditure allowance, amounting to RMB2,500,000 (equivalent to approximately HK$3,011,000). As at 31 December 2021 and 2022, the Company did not achieve all consideration and obtain the approval from the PRC Government.

(e) During the year ended 31 December 2022, Wuhan Grand Hoyo entered into an agreement with The People's Government of Wuhan which provides for plant and equipment bidding. The compensation, as mutually agreed between Wuhan Grand Hoyo and The People's Government of Wuhan, amounts to RMB15,664,500 (equivalent to approximately HK$18,237,000). The acquisition of plant and equipment was completed during the year and the Company achieve the consideration and obtain the approval from the PRC Government. The compensation was recognised in the statement of profit or loss started from 31 December 2022 over useful lives of the plant and equipment.

(f) During the year ended 31 December 2022, Nanjing AuroRNA Biotech Co., Ltd. entered into an agreement with Nanjing Biotech and Pharmaceutical Valley which provides for research and development expenditure allowance, amounting to RMB500,000 (equivalent to approximately HK$582,000). As at 31 December 2022, the Company did not achieve all consideration and obtain the approval from Nanjing Biotech and Pharmaceutical Valley.

(g) On 8 August 2023, Grand Pharm (China) entered into an agreement with The People's Government of Yangxin which provides allowances for land bidding and plant development. Upon the topping out of the main structure of Yongsheng Preparation Factory of Grand Pharmaceutical during the year, the allowances, as mutually agreed and calculated based on the scale of the agreement, amounted to approximately RMB51,032,000 (equivalent to approximately HK$55,375,000) was received. The allowance will be recognised in the statement of profit or loss over useful lives of the plant and building.

(h) During the year ended 31 December 2024, Grand Pharm (China) 's application for allowance of capital expenditure specified for small-category drugs has been accepted by The People's Government of Wuhan. The allowance, as mutually agreed between Grand Pharm (China) and The People's Government of Wuhan, amounted to RMB25,000,000 (equivalent to approximately HK$27,127,000) was received. The Company achieve the consideration and obtain the approval from the PRC Government. The allowance was recognised in the statement of profit or loss over useful lives of the related plant and equipment.

(i) On 9 November 2022, Chengdu Purevalley Medical Technology Co., Ltd, an indirect subsidiary of the Company, entered into an agreement with The People's Government of Chengdu which provides allowances for development of radiopharmaceutical center in Wenjiang. Upon the topping out of the main structure of the production base during the year, the allowance, as mutually agreed based on the scale of the agreement, amounted to approximately RMB4,645,000 (equivalent to approximately HK$5,040,000) was received. The allowance will be recognised in the statement of profit or loss over useful lives of the plant and building.

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37. SHARE CAPITAL

	Number of shares at		Share capital at	
	31 December 2025 '000	31 December 2024 '000	**31 December 2025 HK$'000**	31 December 2024 HK$'000
Authorised				
Ordinary shares of HK$0.01 each	**100,000,000**	100,000,000	**1,000,000**	1,000,000
Issued and fully paid				
At 1 January, 31 December 2024, 1 January 2025 and 31 December 2025	**3,549,571**	3,549,571	**35,496**	35,496

Notes:

(a) As at 31 December 2025, the Company, through a trust, held 47,761,500 (2024: 47,761,500) shares in treasury for the purpose of a share award scheme. The fair value of the purchased shares was deducted from equity as "Treasury shares reserve" for an amount of approximately HK$268,503,000 (2024: HK$268,503,000).

38. ACQUISITION OF SUBSIDIARIES

(a) Business Combination

(i) On 10 March 2025, the Group acquired an 80.00% interest in Qinghai Yixin Pharmaceutical Co., Ltd. ("Qinghai Yixin") at a total consideration of RMB392,000,000 which are payable in 2 installments by end of 31 March 2027. Qinghai Yixin is principally engaged in the production and sales of pharmaceutical products and was acquired with the objective of expanding and enriching the Group's product portfolio. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	2025 HK$'000
Cash paid	**313,706**
Consideration payable	**99,755**
	413,461

As at 31 December 2025, the consideration payable of approximately HK$105,798,000 are discounted using the imputed interest rate of 3.67%.

Acquisition-related costs amounting to approximately HK$533,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(i) *(Continued)*

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2025 HK$'000
Property, plant and equipment	**27,111**
Right-of-use assets	**15,883**
Intangible assets	**328,859**
Prepayment	**2,767**
Inventories	**30,823**
Trade and other receivables	**93,505**
Cash and cash equivalents	**1,756**
Trade and other payable	**(188,260)**
Contract liabilities	**(1,424)**
Deferred tax liabilities	**(50,563)**
Total identifiable net assets acquired	**260,457**

Non-controlling interests

The non-controlling interests 20.00% in Qinghai Yixin recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Qinghai Yixin and amounted to approximately HK$52,091,000.

Goodwill arising on acquisition:

	2025 HK$'000
Consideration transferred	**413,461**
Non-controlling interests (20.00% in Qinghai Yixin)	**52,091**
Less: Acquisition date fair value of identifiable net assets acquired	**(260,457)**
Goodwill arising on acquisition	**205,095**

Goodwill arose on the acquisition of Qinghai Yixin because the acquisition included the assembled workforce of Qinghai Yixin and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(i) *(Continued)*

Net cash outflow on acquisition of a subsidiary

	2025 HK$'000
Consideration paid in cash	**(313,706)**
Less: Cash and cash equivalent balances acquired	**1,756**
	(311,950)

Since the acquisition, Qinghai Yixin contributed approximately HK$282,673,000 to the Group's revenue and profit of approximately HK$56,383,000 to the consolidated profit for the year ended 31 December 2025.

(ii) On 31 March 2025, the Group completed the acquisition of further 30.64% equity interest in Nanjing Kainite Medical Technology Co., Ltd. ("Nanjing Kainite") from two parties which are Nanjing Fund, the Company's connected person and Shanghai Hongsheng, an independent third party. The total consideration was RMB109,384,000 which are payable in 3 instalments by end of 31 December 2026. Before acquisition of further equity interest, Nanjing Kainite was an associate company which was owned as to 29.27% by Grand Pharm (China).

Upon the further acquisition, Nanjing Kainite became an indirect 59.91% owned subsidiary of the Group. Nanjing Kainite, principally engaged in the research and development of medical devices in the field of neural intervention, was acquired for with the objective of developing products for treating strokes. The acquisition has been accounted for as an acquisition of business using the acquisition method.

Consideration transferred

	2025 HK$'000
Cash paid	**11,714**
Consideration payable	**100,575**
	112,289

Acquisition-related costs amounting to approximately HK$83,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(ii) *(Continued)*

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2025 HK$'000
Property, plant and equipment	**8,553**
Intangible assets	**152,215**
Prepayment	**4,960**
Inventories	**5,536**
Trade and other receivables	**1,463**
Cash and cash equivalents	**1,831**
Trade and other payable	**(2,480)**
Deferred tax liabilities	**(17,497)**
Total identifiable net assets acquired	**154,581**

Non-controlling interests

The non-controlling interests (40.09%) in Nanjing Kainite recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Nanjing Kainite and amounted to approximately HK$61,971,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(ii) *(Continued)*

Goodwill arising on acquisition:

	2025 HK$'000
Consideration transferred for 30.64% equity interest acquired	**112,289**
Acquisition date fair value of initial 29.27% equity interest	**87,387**
Non-controlling interests (40.09% in Nanjing Kainite)	**61,971**
	261,647
Less: Acquisition date fair value of identifiable net assets acquired	**(154,581)**
Goodwill arising on acquisition	**107,066**

The Group recognised a gain of HK$60,938,000 categorised under "Other income, gains and losses, net" as a result of remeasuring its initial 29.27% equity interest at the date of obtaining control to its fair value. Goodwill arose on the acquisition of Nanjing Kainite because the acquisition included a synergies effect from the combination of acquired companies' resources and enhance the Group's market competitiveness in the field of traditional Chinese medicine for chronic disease treatments. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of a subsidiary

	2025 HK$'000
Consideration paid in cash	**(11,714)**
Less: Cash and cash equivalent balances acquired	**1,831**
	(9,883)

Since the acquisition, Nanjing Kainite contributed nil amount to the Group's revenue and loss of approximately HK$14,370,000 to the consolidated profit for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(iii) On 9 January 2024, the Group acquired an 79.22% interest in Grand Wuyao (Jiangsu). Grand Wuyao (Jiangsu) is principally engaged in the production and sales of pharmaceutical raw materials and was acquired with the objective of expanding and enriching the Group's product portfolio. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	2024 HK$'000
Cash	**121,940**

Acquisition-related costs amounting to approximately HK$53,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2024 HK$'000
Property, plant and equipment	**98,931**
Right-of-use assets	**22,219**
Intangible assets	**10,959**
Deferred tax assets	**4,594**
Prepayment	**4,217**
Inventories	**43,351**
Trade and other receivables	**15,660**
Cash and cash equivalents	**8,856**
Trade and other payable	**(56,078)**
Contract liabilities	**(3,619)**
Deferred tax liabilities	**(6,724)**
Total identifiable net assets acquired	**142,366**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(iii) *(Continued)*

Non-controlling interests

The non-controlling interests (20.78%) in Grand Wuyao (Jiangsu) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Grand Wuyao (Jiangsu), including a debt assigned to the Group, which are intra-group balances eliminated in the consolidated level, resulting in non-controlling share of negative balance.

Gain on bargain purchase arising on acquisition:

	2024 HK$'000
Consideration transferred	**121,940**
Plus: non-controlling interests (20.78% in Grand Wuyao (Jiangsu))	**(33,788)**
Less: recognized amounts of net assets acquired	**(142,366)**
Gain on bargain purchase	**(54,214)**

Bargain purchase gain amounting to approximately HK$54,214,000 on acquisition of Grand Wuyao (Jiangsu), after reassessment, is recognised in profit or loss within the "Other income, gains and losses, net" line item in the consolidated statement of profit or loss and other comprehensive income. The business combination results in a gain on bargain purchase because the identifiable net assets of Grand Wuyao (Jiangsu) acquired was approximately of HK$176,154,000 (after non-controlling interest share portion), while the Group acquired Grand Wuyao (Jiangsu) by cash consideration of approximately of RMB112,378,000, which is approximately HK$121,940,000.

Net cash outflow on acquisition of a subsidiary

	2024 HK$'000
Consideration paid in cash	**(121,940)**
Less: Cash and cash equivalent balances acquired	**8,856**
	(113,084)

Since the acquisition, Grand Wuyao (Jiangsu) contributed approximately HK$97,676,000 to the Group's revenue and loss of approximately HK$42,412,000 to the consolidated profit for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(iv) On 20 February 2024, the Group acquired 63.00% interest in Chongqing Duoputai at cash consideration of RMB442,260,000(equivalent to approximately HK$479,895,000). In additional to the acquisition of 27% equity interest in Chongqing Duoputai completed in January 2024, which is classified as financial assets at that moment, the Group achieved 90% equity interest of the target company and has obtained control. Chongqing Duoputai is principally engaged in the production and sales of its core products, Maixuekang Capsules and Maixuekang Enteric-coated Tablets and was acquired with the objective of expanding the Group's business in field of ENT segment. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	2024 HK$'000
Cash	**479,894**

Acquisition-related costs amounting to approximately HK$506,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2024 HK$'000
Property, plant and equipment	**2,475**
Intangible assets	**295,146**
Inventories	**2,652**
Trade and other receivables	**3,274**
Cash and cash equivalents	**1,369**
Trade and other payable	**(52,914)**
Deferred tax liabilities	**(36,099)**
Total identifiable net assets acquired	**215,903**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(iv) *(Continued)*

Non-controlling interests

The non-controlling interests (10%) in Chongqing Duoputai recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Chongqing Duoputai and amounted to approximately HK$21,590,000.

Previously held interest in Chongqing Duoputai

The fair value of 27% equity interest in Chongqing Duoputai in relation to the First Acquisition and the fair value of previously held interest in Chongqing Duoputai upon the Second Acquisition were estimated based on observable contract price.

Goodwill arising on acquisition:

	2024 HK$'000
Consideration transferred	**479,894**
Plus: previously acquired interest (27% in Chongqing Duoputai)	**205,669**
Plus: non-controlling interests (10% in Chongqing Duoputai)	**21,590**
Less: recognised amounts of net assets acquired	**(215,903)**
Goodwill arising on acquisition	**491,250**

Goodwill arose on the acquisition of Chongqing Duoputai because the acquisition included the assembled workforce of Chongqing Duoputai distribution channel, and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(iv) *(Continued)*

Net cash outflow on acquisition of a subsidiary

	2024 HK$'000
Consideration paid in cash	**(479,894)**
Less: Cash and cash equivalent balances acquired	**1,369**
	(478,525)

Since the acquisition, Chongqing Duoputai contributed approximately HK$456,731,000 to the Group's revenue and profit of approximately HK$61,540,000 to the consolidated profit for the year ended 31 December 2024.

As part of the sales and purchase agreement between the Group and the vendor, the Group entered into a written put option arrangement with the vendor, which is also the non-controlling interest of Chongqing Duoputai. Pursuant to which the vendor will be able to require the Group to further acquire the remaining equity interest of 10% in Chongqing Duoputai from the vendor in the third year. The exercise price shall be determined at either RMB75,000,000 or 10% of amount calculated at 10.7 times of net profits of Chongqing Duoputai in the fiscal year prior to the transaction, whichever is higher.

The Group applied the partial recognition of NCI method for its put option, of which the profit for the year shared by the NCI shareholders in relation to the portion of the put option is recorded as a liability in "Trade and other payables" in the consolidated statement of financial position as at 31 December 2024.

(v) On 13 June 2024, the Group completed an acquisition on 100% interest in Baiji Pharmaceutical. Baiji Pharmaceutical is principally engaged in the R&D and production of hormonal nasal spray preparations and was acquired with the objective of expanding the Group's business in respiratory and critical and severe disease segment. The acquisition has been accounted for as acquisition of business using the acquisition method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(v) *(Continued)*

Consideration transferred

	2024 HK$'000
Cash (note a)	**140,957**
Contingent consideration arrangement (note b)	**71,666**
	212,623

Note:

(a) Pursuant to the share purchase agreement, consideration transferred at the gross consideration of RMB260,000,000, with adjustments to consideration including certain liabilities in Baiji Pharmaceutical and loan advance paid to Nanchang Baiji for acquisition of its subsidiary.

(b) Pursuant to the share purchase agreement, the Group is required to pay an additional variable amount depending on the approval status and sales performance of certain products. The contingent consideration payable was recognised initially with reference to management's best estimates of future revenue projections, and probabilities of achieving the specified targets and revenue. Approximately HK$71,666,000 represents the estimated fair value of this obligation. The fair value of such contingent arrangement amounted to HK$76,705,000 as at the end of the reporting period and has been included in Trade and other payables on the consolidated statement of financial position.

Acquisition-related costs amounting to approximately HK$298,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the " Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(v) *(Continued)*

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2024 HK$'000
Property, plant and equipment	**16,332**
Right-of-use assets	**2,818**
Intangible assets	**175,915**
Prepayment	**31,208**
Inventories	**3,366**
Trade and other receivables	**4,613**
Cash and cash equivalents	**759**
Trade and other payable	**(102,532)**
Bank Borrowing	**(8,138)**
Contract liabilities	**(1,199)**
Deferred tax liabilities	**(16,225)**
Total identifiable net assets acquired	**106,917**

Goodwill arising on acquisition

	2024 HK$'000
Consideration transferred	**212,623**
Less: recognised amounts of net assets acquired	**(106,917)**
Goodwill arising on acquisition	**105,706**

Goodwill arose on the acquisition of Baiji Pharmaceutical because the acquisition included the assembled workforce of Baiji Pharmaceutical and potential synergy effect of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(v) *(Continued)*

Net cash outflow on acquisition of a subsidiary

	2024 HK$'000
Consideration paid in cash	**(140,957)**
Less: Cash and cash equivalent balances acquired	**759**
	(140,198)

Since the acquisition, Baiji Pharmaceutical contributed approximately HK$2,123,000 to the Group's revenue and loss of approximately HK$12,800,000 to the consolidated profit for the year ended 31 December 2024.

(vi) On 3 July 2024, the Group acquired 100.00% equity interest in Tianjin Tanabe. Tianjin Tanabe is principally engaged in the production and sales of high-quality original drugs in the fields of cerebrocardiovascular, endocrine metabolism, gastrointestinal and other chronic diseases and was acquired with the objective of expanding the Group's business in cerebro-cardiovascular emergency segment. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	2024 HK$'000
Cash (note)	**527,152**

Note: The consideration was denominated in JPY and settled in RMB at approximately RMB486 million which was translated by the exchange rate on the payment date.

Acquisition-related costs amounting to HK$447,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(vi) *(Continued)*

Fair value of assets acquired and liabilities recognised at the date of acquisition

	2024 HK$'000
Property, plant and equipment	**122,232**
Right-of-use assets	**45,143**
Intangible assets	**54,341**
Inventories	**103,508**
Trade and other receivables	**34,762**
Cash and cash equivalents	**80,342**
Trade and other payable	**(75,357)**
Deferred tax liabilities	**(34,675)**
Total identifiable net assets acquired	**330,296**

Goodwill arising on acquisition

	2024 HK$'000
Consideration transferred	**527,152**
Less: recognised amounts of net assets acquired	**(330,296)**
Goodwill arising on acquisition	**196,856**

Goodwill arose on the acquisition of Tianjin Tanabe because the acquisition included the assembled workforce of Tianjin Tanabe and potential synergy effect as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Business Combination *(Continued)*

(vi) *(Continued)*

Net cash outflow on acquisition of a subsidiary

	2024 HK$'000
Consideration paid in cash	**(527,152)**
Less: Cash and cash equivalent balances acquired	**80,342**
	(446,810)

Since the acquisition, Tianjin Tanabe contributed approximately HK$257,449,000 to the Group's revenue and profit approximately HK$45,415,000 to the consolidated profit for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

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39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2025 HK$'000	2024 HK$'000
Non-current assets		
Interests in associates	**4,949,756**	4,910,601
Interests in subsidiaries	**2,109,881**	2,480,563
Right-of-use assets	**2,470**	533
	7,062,107	7,391,697
Current assets		
Financial assets at fair value through profit or loss	**16,666**	9,333
Prepayment and other receivables	**26,103**	13,636
Cash and cash equivalents	**1,904**	1,341
	44,673	24,310
Current liabilities		
Lease liabilities	**1,086**	567
Financial guarantee	**1,045**	1,396
Other payable	**831**	4,025
Amount due to the immediate holding company	**2,331**	2,331
	5,293	8,319
Net current assets	**39,380**	15,991
Total assets less current liabilities	**7,101,487**	7,407,688
Non-current liabilities		
Lease liabilities	**1,430**	–
	1,430	–
Net assets	**7,100,057**	7,407,688
Capital and reserves attributable to owners of the Company		
Share capital	**35,496**	35,496
Reserves	**7,064,561**	7,372,192
Total equity	**7,100,057**	7,407,688

The financial statement was approved and authorised for issue by the board of directors of the Company on 26 March 2026 and are signed on its behalf by

Tang Weikun
Director

Zhou Chao
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY *(Continued)*

Movement of reserve of the Company

	Share premium	Contributed surplus	Treasury shares	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024	6,523,049	121,273	(268,503)	894,192	7,270,011
Total comprehensive income for the year	–	–	–	1,012,652	1,012,652
Dividend paid (note 13)	–	–	–	(910,471)	(910,471)
As at 31 December 2024 and 1 January 2025	6,523,049	121,273	(268,503)	996,373	7,372,192
Total comprehensive income for the year	–	–	–	602,840	602,840
Dividend paid (note 13)	–	–	–	(910,471)	(910,471)
As at 31 December 2025	**6,523,049**	**121,273**	**(268,503)**	**688,742**	**7,064,561**

Note: Under the Companies Act 1981 of Bermuda (as amended), no dividend shall be paid or distribution be made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

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For the year ended 31 December 2025

40. MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the balances with associates as disclosed in note 19, related companies as disclosed in note 33 and immediate holding company as disclosed in note 35 during the years ended 31 December 2025 and 2024, the Group entered into following transactions with its related parties:

	2025 HK$'000	2024 HK$'000
Sales of goods to the companies with common controlling shareholder:		
Huadong Medicine Co. Ltd and its related companies (note (iii))	**94,295**	143,556
中國遠大集團有限責任公司and its related companies (unofficially translated as "China Grand Enterprises Incorporation" (note (ii))	**5,578**	13,626
Hebei Grand Jiufu Biochemical Co., Ltd (note (iii))	**47,741**	–
Purchase of goods from the companies with common controlling shareholder:		
Hebei Grand Jiufu Biochemical Co., Ltd (note (iii))	**132,529**	201,278
Sirtex Medical Singapore Pte Ltd. and its related companies (note (iv))	**94,795**	173,051
Processing services from the companies with common controlling shareholder:		
Hebei Grand Jiufu Biochemical Co., Ltd (note (iii))	**17,432**	28,227

Notes:

(i) Transactions were conducted with terms mutually agreed with the contracting parties.

(ii) The transactions constitute continuing connected transactions in 2024 and 2025 under Chapter 14A of the Listing Rules.

(iii) The transactions are continuing connected transaction in 2024 and 2025 respectively under Chapter 14A of the Listing Rules.

(iv) The transactions are continuing connected transactions in 2024 and 2025 under Chapter 14A of the Listing Rules.

(b) Details of the financial guarantee given by China Grand Enterprises Incorporation to banks in respect of the loans granted to the Group as at 31 December 2024 are set out in note 31.

(c) On 31 March 2025, the Group completed the acquisition of 30.64% equity interest in Nanjing Kainite from Nanjing Fund and Shanghai Hongsheng , the original equity interest holders.

As Mr. Hu indirectly owns 70% of the equity interest in Nanjing Fuguang, and Nanjing Fuguang is the general partner of and manages Nanjing Fund. Therefore Nanjing Fund and Nanjing Fuguang are associates of Mr. Hu, and hence Nanjing Fund is a connected person of the Group under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction, in respect of which the Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025	2024
	HK$'000	HK$'000
Short-term benefits	**16,263**	15,889
Post-employment benefits	**504**	642
	16,767	16,531

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

41. PLEDGE OF ASSETS

The Group has pledged the following assets to secure the bank borrowings and banking facilities granted to the Group:

	2025	2024
	HK$'000	HK$'000
Right-of-use assets	**16,896**	17,873
Buildings (note 16)	**78,864**	87,242
Interests in subsidiaries	**291,087**	115,792
Pledged bank deposits (note 28)	**22,588**	–
	409,435	220,907

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42. COMMITMENTS

(a) Operating lease commitment

The Group as lessor

The Group leases out certain of its office premises under operating lease arrangement. The rental income earned during the year was approximately HK$628,000 (2024: HK$4,250,000). The Group had future minimum lease receipts from tenants under non-cancellable operating lease which fall due as follows:

	2025	2024
	HK$'000	HK$'000
Within one year	**461**	424
In the second to fifth year inclusive	**1,170**	1,631
After fifth year	**–**	160
	1,631	2,215

(b) Capital commitment

	2025	2024
	HK$'000	HK$'000
Capital expenditure in respect of the investments contracted for but not provided in the consolidated financial statements	**1,447,102**	2,239,600

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43. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 (2024: HK$1,500) and they can choose to make additional contributions. Employers' monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (2024: HK$1,500) (the "mandatory contributions"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

Employees of the subsidiaries and an associate in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries and an associate were required to contribute a certain percentage of the payroll of their staff to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

There were no forfeited contributions utilised to offset employers' contributions for the year. And at the end of the reporting period, there was no forfeited contribution available to reduce the contributions payable in the future years.

The total costs charged to profit or loss of approximately HK$176,840,000 (2024: HK$155,574,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Amount due to the immediate holding company HK$'000	Lease liabilities HK$'000	Bank and other borrowings HK$'000	Total HK$'000
As at 1 January 2024	2,331	96,225	3,308,014	3,406,570
Accrued interest	–	5,660	174,582	180,242
Financing cash outflows	–	(33,674)	(3,308,387)	(3,342,061)
Interest paid	–	(5,660)	(174,582)	(180,242)
New leases entered	–	2,617	–	2,617
Termination of lease	–	(364)	–	(364)
Financing cash inflows	–	–	4,480,749	4,480,749
Acquisition of a subsidiary (note 38(a))	–	–	8,138	8,138
Exchange realignment	–	(5,885)	(104,887)	(110,772)
As at 31 December 2024 and 1 January 2025	2,331	58,919	4,383,627	4,444,877
Accrued interest	–	4,390	151,981	156,371
Financing cash outflows	–	(21,652)	(4,206,633)	(4,228,285)
Interest paid	–	(4,390)	(151,981)	(156,371)
New leases entered	–	13,513	–	13,513
Financing cash inflows	–	–	4,344,554	4,344,554
Exchange realignment	–	2,143	147,935	150,078
As at 31 December 2025	**2,331**	**52,923**	**4,669,483**	**4,724,737**

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For the year ended 31 December 2025

45. LITIGATION

With reference to the disclosure in the annual reports of the Company between 2016 to 2024, Tianjin Jingming, an indirect non-wholly owned subsidiary of the Company, is undertaking certain litigations related to a product quality incident, and it is also claiming the original shareholders of Tianjin Jingming for the indemnification of those possible loss suffered by the Company. Up to 31 December 2024, there are 75 cases, 64 cases reached a final judgment, while the remaining cases have lost their rights to claim due to not filing a lawsuit. Among the final and effective judgements, Tianjin Jingming has paid the compensation and the related legal charges of approximately RMB40,200,000 in according to the court orders, all payment have been completed. The other related litigations of the product quality incident have not yet been concluded. Given that (1) such product is not the core product of the Group, and (2) according to the terms of the agreement for the acquisition of Tianjin Jingming, the original shareholders of Tianjin Jingming should be responsible for the compensation of such product incident until 30 June 2015, and in April 2021 Grand Pharm (China) had claimed the original shareholders of Tianjin Jingming for the indemnification of those possible loss suffered. According to the final judgement by the court, the original shareholders of Tianjin Jingming should compensate to Tianjin Jingming approximately RMB38,571,000 as the existing compensate and liquidated damages at the point of the judgement. After the execution of the enforcement order from the people's court, Grand Pharm (China) has got properties and cash at approximately RMB7.52 million in aggregate from the original shareholders of Tianjin Jingming, and the outstanding amount is still under enforcement processes. Also Grand Pharm (China) has the right to raise litigation claiming the original shareholders of Tianjin Jingming for the subsequent payment of the indemnification related to such product quality incident made by Tianjin Jingming. Hence, the Directors are of the view that the said incident and the related litigations do not have material impact to the Group.

According to the terms of the agreement for the acquisition of Tianjin Jingming, the vendors have undertaken to the Group that the net profit after tax (the "Actual Profit") from domestic sales (only include the net profit generated from domestic sales and shall not include the profit generated from the sales of irrigating solutions(灌注液)of Tianjin Jingming for the period commencing on 1 January 2015 and ending on 30 June 2015 shall not be less than RMB5,000,000 (the "Performance Guarantee"). If the above Performance Guarantee cannot be met, the Group can claim for a refund of part of the share transfer consideration in according to the formula set out in the announcement of the Company dated 22 December 2014. The Group raised a litigation against those vendors in related to the said Performance Guarantee, and after the first trial, second trial and retrial from the court, the court granted the final judgement in December 2020. It was concluded that the Group can get back the RMB10,000,000 share transfer consideration deposited in the bank account jointly controlled by the Group and the vendors. The vendors should also additionally refund approximately RMB11,228,000 share transfer consideration to the Group in according to the terms of the agreement for the acquisition of Tianjin Jingming. Up to now, the Group has followed the judgement from the court and got back the RMB10,644,000 deposited in the bank account jointly controlled by the Group and the vendors.

In June 2016, the Group has successfully applied to the court to freeze RMB20,000,000 (equivalent to approximately HK$22,414,000) assets of the original shareholders of Tianjin Jingming, an indirect non-wholly owned subsidiary of the Company since January 2015 in order to secure the Group's pending responsibilities regarding certain litigations related to an incident as stated in a press release issued by the China National Food and Drug Administration (the "NMPA") on 14 April 2016, which is about a product quality incident related to some Ophthalmic Perfluoro propane Gases produced by Tianjin Jingming. According to the terms of the sales and purchase agreement in relation to the acquisition of Tianjin Jingming, the original shareholders of Tianjin Jingming should be responsible for such product incident. The Group is claiming them for their responsibilities and also indemnified those related losses suffered by the Group.

Up to the subsequent reporting period, the court has continued to seize two vehicles registered under the name of the original shareholder of Tianjin Jingming and has frozen their bank accounts. It is persistently enforcing the collection of cash and any other potential assets from the original shareholders.

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45. LITIGATION *(Continued)*

(a) Writ issued in PRC by China Pharm (China) and original shareholders of Tianjin Jingming

Although such product incident is still under investigation, being taking up the social responsibilities and fulfilling related requirements, the Group had recalled all products of the related batches and also temporary suspended the production and sales of such related products. According to the terms of the Tianjin Jingming acquisition agreement, Tianjin Jingming had already fully settled the penalty of approximately RMB14,430,000 (equivalent to approximately HK$16,361,000) imposed by the NMPA. As at the date of this report, Tianjin Jingming is undertaking certain claim actions for approximately RMB16,540,000 (equivalent to approximately HK$18,762,000) given to the above incident. Given that (i) referring to the opinions from the professional organised by the NMPA, it is unable to identify the impurity that caused the product incident with the existing technology and it will need further investigation and research to find out the cause thereof; (ii) Ophthalmic Perfluoro propane Gases is not the core product of the Group, the Board considers that the suspension of the production of such product and the recall of the relevant batches by Tianjin Jingming do not have any material impact on the Group's operations or financial position; and (iii) according to the terms of the Tianjin Jingming Acquisition Agreement, the original shareholders of the Tianjin Jingming should responsible for the compensation of such product incident. Hence, the Directors are of the view that the said incident and related litigations do not have material impact to the Group. For the detail information, please refer to the Group's interim report date on 20 September 2016.

On 22 August 2016, original shareholders of Tianjin Jingming filed its objection to the Rulings of Enforcement to the Wuhan Intermediate People's Court.

On 5 September 2016, the Group received the Wuhan Intermediate People's Court's dismissal to its objection.

(b) Writs issued in PRC by Tianjin Jingming and certain plaintiffs

In April and September 2016, the Group received writs issued by certain plaintiffs against Tianjin Jingming (as defendant) and demand for payment with claiming of plaintiffs legal charges.

On 17 January 2017, Tianjin Jingming received judgements dated 17 January 2017 issued by Beijing Haidian District People's Court. The court made orders to request Tianjin Jingming to provide the compensation payment with the relevant legal charges of approximately RMB3,952,000 (equivalent to approximately HK$4,619,000).

As at the date of this report, the court has concluded 64 cases. Among the final and effective judgements, Tianjin Jingming has paid the compensation and the related legal charges of approximately RMB40,200,000 in according to the court orders, all payment have been completed. The other related litigations of the product quality incident have not yet been concluded. Given that (1) such product is not the core product of the Group, and (2) according to the terms of the agreement for the acquisition of Tianjin Jingming, the original shareholders of Tianjin Jingming should be responsible for the compensation of such product incident, and GrandPharma (China) is also claiming the original shareholders of the Tianjin Jingming for the indemnification of those possible loss suffered. Hence, the Directors are of the view that the said incident and the related litigations do not have material impact to the Group.

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For the year ended 31 December 2025

45. LITIGATION *(Continued)*

(c) Writs issued in PRC by Grand Pharm (China)

Except the above litigation related to the product incident of Tianjin Jingming, according to the terms of the agreement for the acquisition of Tianjin Jingming, the vendors have undertaken to the Group that the net profit after tax (the "Actual Profit") from domestic sales (only include the net profit generated from domestic sales and shall not include the profit generated from the sales of irrigating solutions (灌注液)) of Tianjin Jingming for the period commencing on 1 January 2015 and ending on 30 June 2015 shall not be less than RMB5 million (the "Performance Guarantee"). If the above Performance Guarantee cannot be met, the Group can claim for a refund of part of the consideration in according to the formula set out in the announcement of the Company dated 22 December 2014. The Group was in a litigation against those vendors in related to the said Performance Guarantee, and in July 2017 obtained the judgement of first instance from the court and received the final judgement from the court in February 2018. It is concluded that the Group can get back the RMB10 million share transfer consideration currently deposited in the bank account jointly controlled by the Group and the vendors. The vendors should also additionally refund approximately RMB21.2 million share transfer consideration to the Group in according to the terms of the agreement for the acquisition of Tianjin Jingming. The vendors subsequently applied for rehearing of the aforesaid judgement, and the matter will be reheard according to the court's judgement in December 2019, but it has reached final judgement from Hubei Higher People's Court (湖北省高級人民法院) that the appeal from the vendors has been rejected and uphold the verdict.

Save as disclosed above, as at 31 December 2025, so far as the Directors were aware, the Group was not engaged in any litigation or claims of material importance, and no litigation or claims of material importance are pending or threatened against the Group.

46. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties for fixed terms of 2 to 5 years. On the lease commencement, the Group recognised approximately HK$13,513,000 (2024: HK$2,617,000) of right-of-use assets and approximately HK$13,513,000 (2024: HK$2,617,000) of lease liabilities.

On 10 March, the Group completed the acquisitions of 80% equity interest of Qinghai Yixin at a total consideration of approximately HK$413,461,000 in which amount of approximately HK$105,798,000 being unsettled at the end of report period and included in other payable.

On 31 March 2025, the Group completed the acquisition of 30.64% equity interest in Nanjing Kainite at total consideration of approximately of HK$112,289,000 in which amount of HK$ 107,414,000 being unsettled at the end of the reporting period and included in other payable.

The Group entered in the above non-cash activities which are not reflected in the consolidated statement of cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. EVENTS AFTER THE REPORTING PERIOD

(a) On 19 March 2026, the Group entered into a facility agreement for a term loan facility of HK$800,000,000 that was charged at variable interest rate of 1.35% plus HIBOR. The Facility has a term of 36 months from the effective date of the Facility.

(b) On 31 December 2025, the subsidiary of the Group entered into a share purchase agreement with the former shareholders of Hebei Yuanda Jiufu Biotechnology Co., Ltd. and Baoding Jiahe Fine Chemical Co., Ltd.("target companies"). Pursuant to the terms of the agreement, once the conditions are met, the Group will acquire the entire equity interests for a total consideration of RMB316 million. Subsequent to reporting period, the Group has completed the registration of the transfer of the entire equity interest in the target companies.

Save as disclosed above and elsewhere in the annual report, no subsequent events occurred after 31 December 2025 which may have a significant effect, on the assets and liabilities of future operations of the Group.

48. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, to conform to current year's presentation.

49. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2026.