

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-96, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COREE COMPANY LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

INTRODUCTION

We report on the historical financial information of COREE Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-96, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2023, 2024 and 2025 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-96 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

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HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Relevant Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in United States dollars)

		Year ended December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Revenue	4	350,371,641	281,692,222	304,072,027
Cost of sales		(181,172,139)	(131,433,572)	(145,141,875)
Gross profit		169,199,502	150,258,650	158,930,152
Other income	5	33,984,782	18,035,545	2,868,027
Impairment loss (recognized)/reversed on trade receivables	6(c)	(355,802)	(1,861,097)	953,605
Selling and marketing expenses		(119,498,759)	(91,739,789)	(71,216,372)
Administrative expenses		(33,674,646)	(28,456,963)	(37,272,624)
Other operating expenses		(3,374,721)	(1,799,823)	(2,230,146)
Foreign exchange difference, net		335,332	(1,107,853)	939,160
Profit from operations		46,615,688	43,328,670	52,971,802
Share of loss of an associate		(104,107)	–	–
Finance costs	6(a)	(1,829,373)	(2,801,738)	(1,911,480)
Profit before taxation		44,682,208	40,526,932	51,060,322
Income tax	7(a)	(19,913,853)	(18,676,161)	(18,103,622)
Profit for the year		<u>24,768,355</u>	<u>21,850,771</u>	<u>32,956,700</u>
Attributable to:				
Equity shareholders of the Company		16,816,217	17,060,164	15,641,419
Non-controlling interests		7,952,138	4,790,607	17,315,281
Profit for the year		<u>24,768,355</u>	<u>21,850,771</u>	<u>32,956,700</u>
Earnings per share				
Basic and diluted	10	<u>0.18</u>	<u>0.18</u>	<u>0.16</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in United States dollars)

	Note	Year ended December 31,		
		2023	2024	2025
		\$	\$	\$
Profit for the year		24,768,355	21,850,771	32,956,700
Other comprehensive income for the year				
Item that will not be reclassified to profit or loss:				
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		–	(5,831,263)	3,315,348
Items that may be reclassified subsequently to profit or loss:				
Exchange reserve released upon disposal of an overseas subsidiary		–	–	149,420
Exchange differences on translation of financial statements of foreign operations		1,101,516	(389,682)	6,027,360
Other comprehensive income for the year		1,101,516	(6,220,945)	9,492,128
Total comprehensive income for the year		<u>25,869,871</u>	<u>15,629,826</u>	<u>42,448,828</u>
Attributable to:				
Equity shareholders of the Company		18,280,126	11,196,213	23,842,013
Non-controlling interests		7,589,745	4,433,613	18,606,815
Total comprehensive income for the year		<u>25,869,871</u>	<u>15,629,826</u>	<u>42,448,828</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in United States dollars)

		As at December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Non-current assets				
Property, plant and equipment	11	20,458,419	17,330,550	16,810,502
Investment property	12	8,614,053	7,852,972	8,481,829
Goodwill	14	1,283,619	1,283,619	1,283,619
Intangible assets	13	2,071,586	1,913,592	2,820,537
Interest in an associate	16	—	—	—
Other financial assets	17	5,449,845	25,688,299	27,374,436
Deferred tax assets	26(b)	1,859,754	2,686,649	4,584,960
Other non-current assets		1,313,498	1,758,950	352,064
		<u>41,050,774</u>	<u>58,514,631</u>	<u>61,707,947</u>
Current assets				
Inventories	18	20,317,949	43,258,199	32,179,496
Trade receivables, other receivables and prepayments	19	72,084,184	97,983,662	215,941,058
Other financial assets	17	—	—	2,074,437
Time deposits	20(a)	492,980	121,168	146,028
Cash and cash equivalents	20(a)	58,449,177	16,086,061	9,240,125
		<u>151,344,290</u>	<u>157,449,090</u>	<u>259,581,144</u>
Current liabilities				
Trade and other payables	22	58,275,379	72,097,791	122,698,418
Contract liabilities	23	1,863,067	2,110,116	3,126,948
Lease liabilities	25	2,949,394	1,430,076	1,653,940
Bank and other borrowings	24	41,081,882	43,217,464	48,615,125
Income tax payable	26(a)	8,142,258	2,661,476	4,288,773
		<u>112,311,980</u>	<u>121,516,923</u>	<u>180,383,204</u>
Net current assets		<u>39,032,310</u>	<u>35,932,167</u>	<u>79,197,940</u>
Total assets less current liabilities		<u>80,083,084</u>	<u>94,446,798</u>	<u>140,905,887</u>

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		As at December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Non-current liabilities				
Lease liabilities	25	4,486,878	3,287,286	2,790,482
Bank and other borrowings	24	1,482,198	1,410,961	267,318
Deferred tax liabilities	26(b)	15,684	–	441
Other non-current liabilities		110,577	130,978	722,141
		<u>6,095,337</u>	<u>4,829,225</u>	<u>3,780,382</u>
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NET ASSETS		<u>73,987,747</u>	<u>89,617,573</u>	<u>137,125,505</u>
		=====	=====	=====
CAPITAL AND RESERVES	27			
Share capital	27(b)	95,576,000	95,576,000	116,473,268
Reserves	27(c)	<u>(54,120,795)</u>	<u>(42,924,582)</u>	<u>(8,373,647)</u>
Total equity attributable to equity shareholders of the Company		41,455,205	52,651,418	108,099,621
Non-controlling interests		<u>32,532,542</u>	<u>36,966,155</u>	<u>29,025,884</u>
TOTAL EQUITY		<u>73,987,747</u>	<u>89,617,573</u>	<u>137,125,505</u>
		=====	=====	=====

The accompanying notes form part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in United States dollars)

		As at December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Non-current assets				
Property, plant and equipment		998	174	105,639
Intangible assets		261,356	182,656	164,264
Investment in subsidiaries	15	38,421,173	41,169,533	62,066,801
Other financial assets	17	—	4,624,733	7,940,081
		<u>38,683,527</u>	<u>45,977,096</u>	<u>70,276,785</u>
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Current assets				
Other receivables and prepayments	19	2,171,919	6,045,761	11,848,737
Cash and cash equivalents		<u>396,641</u>	<u>406,465</u>	<u>3,240,499</u>
		<u>2,568,560</u>	<u>6,452,226</u>	<u>15,089,236</u>
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Current liabilities				
Other payables	22	1,621,351	2,472,147	4,026,152
Contract liabilities	23	658,882	426,613	208,666
Other borrowings	24	21,568,393	14,898,263	16,598,409
Lease liabilities		<u>—</u>	<u>—</u>	<u>60,521</u>
		<u>23,848,626</u>	<u>17,797,023</u>	<u>20,893,748</u>
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Net current liabilities		<u>(21,280,066)</u>	<u>(11,344,797)</u>	<u>(5,804,512)</u>
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Total assets less current liabilities		<u>17,403,461</u>	<u>34,632,299</u>	<u>64,472,273</u>
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Non-current liabilities				
Other borrowings	24	1,380,000	1,380,000	—
Lease liabilities		<u>—</u>	<u>—</u>	<u>28,541</u>
		<u>1,380,000</u>	<u>1,380,000</u>	<u>28,541</u>
		-----	-----	-----
NET ASSETS		<u>16,023,461</u>	<u>33,252,299</u>	<u>64,443,732</u>
		=====	=====	=====
CAPITAL AND RESERVES				
Share capital	27(b)	95,576,000	95,576,000	116,473,268
Reserves	27(c)	<u>(79,552,539)</u>	<u>(62,323,701)</u>	<u>(52,029,536)</u>
TOTAL EQUITY		<u>16,023,461</u>	<u>33,252,299</u>	<u>64,443,732</u>
		=====	=====	=====

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Expressed in United States dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Other reserve	Statutory reserve	Exchange reserve	Accumulated losses	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
	Note27(b)	Note27(c)(ii)	Note27(c)(iii)	Note27(c)(i)				
Balance at January 1, 2023	95,576,000	(42,261,041)	–	470,878	(30,610,758)	23,175,079	30,474,474	53,649,553
Changes in equity for 2023:								
Profit for the year	–	–	–	–	16,816,217	16,816,217	7,952,138	24,768,355
Other comprehensive income	–	–	–	1,463,909	–	1,463,909	(362,393)	1,101,516
Total comprehensive income	–	–	–	1,463,909	16,816,217	18,280,126	7,589,745	25,869,871
Transfer to statutory reserve	–	–	70,595	–	(70,595)	–	–	–
Dividends declared and paid to the owners of non-controlling interests	–	–	–	–	–	–	(5,531,677)	(5,531,677)
Balance at December 31, 2023	95,576,000	(42,261,041)	70,595	1,934,787	(13,865,136)	41,455,205	32,532,542	73,987,747

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Attributable to equity shareholders of the Company (Accumulated losses)/							Non-	Total	Total equity
Share	Other	Statutory	Exchange	retained			controlling		
capital	reserve	reserve	reserve	earnings			interests		
\$	\$	\$	\$	\$			\$	\$	\$
Note27(b)	Note27(c)(ii)	Note27(c)(iii)	Note27(c)(i)						
95,576,000	(42,261,041)	70,595	1,934,787	(13,865,136)	41,455,205	32,532,542	73,987,747		
Balance at January 1, 2024									
Changes in equity for 2024:									
–	–	–	–	17,060,164	17,060,164	4,790,607	21,850,771		
–	(5,831,263)	–	(32,688)	–	(5,863,951)	(356,994)	(6,220,945)		
–	(5,831,263)	–	(32,688)	17,060,164	11,196,213	4,433,613	15,629,826		
Balance at December 31, 2024	(48,092,304)	70,595	1,902,099	3,195,028	52,651,418	36,966,155	89,617,573		

The accompanying notes form part of the Historical Financial Information.

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	Attributable to equity shareholders of the Company						
	Share capital	Other reserve	Statutory reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests
<i>Note</i>	\$	\$	\$	\$	\$	\$	\$
	<i>Note27(b)</i>	<i>Note27(c)(ii)</i>	<i>Note27(c)(iii)</i>	<i>Note27(c)(i)</i>			
Balance at January 1, 2025	95,576,000	(48,092,304)	70,595	1,902,099	3,195,028	52,651,418	36,966,155
Changes in equity for 2025:							
Profit for the year	–	–	–	–	15,641,419	15,641,419	17,315,281
Other comprehensive income	–	3,315,348	–	4,885,246	–	8,200,594	1,291,534
Total comprehensive income	–	3,315,348	–	4,885,246	15,641,419	23,842,013	18,606,815
Disposal of subsidiaries as part of a corporate reorganisation	27(b)	–	–	–	–	7,080,435	(2,021,331)
Issue of shares to acquire non-controlling interests	27(b)	20,897,268	3,628,487	–	–	24,525,755	(24,525,755)
Balance at December 31, 2025	116,473,268	(34,068,034)	70,595	6,787,345	18,836,447	108,099,621	29,025,884
							137,125,505

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in United States dollars)

	Note	Year ended December 31,		
		2023	2024	2025
		US\$	US\$	US\$
Operating activities				
Cash generated from operations	20(b)	56,437,327	14,744,386	11,306,452
Income taxes paid	26(a)	<u>(16,689,853)</u>	<u>(24,999,522)</u>	<u>(18,374,195)</u>
Net cash generated from/(used in) operating activities		<u>39,747,474</u>	<u>(10,255,136)</u>	<u>(7,067,743)</u>
Investing activities				
Interest received		91,735	967,769	1,382,820
Purchases of property, plant and equipment		(1,266,380)	(1,915,978)	(3,049,604)
Purchases of intangible assets		(254,355)	(590,752)	(1,423,520)
Placement of term deposits		–	(13,563)	–
Proceeds from withdrawal of term deposits		1,443,613	–	–
Loans provided to related parties		(633,715)	(19,988,949)	(163,125)
Loan repaid by a related party		67,300	–	441,496
Cash paid for a business combination, net of cash acquired	32	(420,726)	–	–
Payment for the purchase of financial assets measured at fair value through other comprehensive income		–	(7,708,063)	–
Proceeds from disposal of other financial assets measured at amortized cost	17	<u>5,696,948</u>	<u>–</u>	<u>–</u>
Net cash generated from/(used in) investing activities		<u>4,724,420</u>	<u>(29,249,536)</u>	<u>(2,811,933)</u>

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		Year ended December 31,		
	Note	2023	2024	2025
		US\$	US\$	US\$
Financing activities				
Interest paid	20(c)	(2,191,549)	(1,453,410)	(1,648,040)
Proceeds from bank and other borrowings	20(c)	65,749,901	31,423,439	51,800,000
Repayment of bank and other borrowings	20(c)	(59,246,242)	(25,034,553)	(45,706,082)
Dividends paid to the owners of non-controlling interests	20(c)	(5,531,677)	–	–
Capital element of lease rentals paid	20(c)	(6,105,676)	(3,829,898)	(1,668,419)
Interest element of lease rentals paid		(291,331)	(197,788)	(219,252)
Net cash outflow from disposals of subsidiaries		–	–	(118,348)
Payment in connection with the proposed issuance of new shares		–	–	(314,606)
Net cash (used in)/generated from financing activities		<u>(7,616,574)</u>	<u>907,790</u>	<u>2,125,253</u>
Net increase/(decrease) in cash and cash equivalents		36,855,320	(38,596,882)	(7,754,423)
Cash and cash equivalents at the beginning of the year		26,121,963	58,449,177	16,086,061
Effect of foreign exchange rate changes, net		<u>(4,528,106)</u>	<u>(3,766,234)</u>	<u>908,487</u>
Cash and cash equivalents at the end of the year	20(a)	<u>58,449,177</u>	<u>16,086,061</u>	<u>9,240,125</u>

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in United States dollars)

1. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

COREE Company Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Hong Kong on July 23, 2009 and has its registered office at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company and its subsidiaries (together, the “**Group**”) are fully integrated bio-health platform company with operations in the People’s Republic of China (the “**PRC**”), Korea and Europe, offering a diversified product and service portfolio. The Group’s products address the evolving needs of individuals across various life stages, with a particular focus on infants, mothers and individuals managing chronic or immune-related conditions.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and were audited by KPMG. The statutory financial statements of the Company for the year ended December 31, 2025 have not yet been prepared as of the date of this report.

The Historical Financial Information contained in the Document does not constitute the Company’s statutory annual financial statements for any of the financial years ended December 31, 2023, 2024 and 2025. Further information relating to the statutory financial statements for the years ended December 31, 2023 and 2024 disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company’s auditor has reported on the financial statements for the years ended December 31, 2023 and 2024. The auditor’s reports were unmodified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622). The Company’s auditor has yet to report on the financial statements for the year ended December 31, 2025.

As the Company is previously a private company, it is not required to deliver financial statements to the Registrar of Companies, and has not done so.

At the date of this report, particulars of the Company’s subsidiaries are as follows:

Name of company	Place of establishment and operation	Particulars of issued and paid-up capital and debt securities	Proportion of ownership interest			Principal activities
			Group’s effective interest	Held by the Company	Held by a subsidiary	
Coree Medicare Co., Ltd. 武漢科利醫藥有限公司 (i) & (ii) & (iii) & (ix)	PRC	RMB1,000,000	100.00%	100.00%	0.00%	Trading of medical products
Beijing Coree Digitalization & Technology Co., Ltd. 北京科麗科技有限公司 (i) & (ii) & (iii) & (ix)	PRC	\$21,050,500	100.00%	100.00%	0.00%	Research and development, investment holding
Beijing Chef Ofmom Co., Ltd. 北京媽咪愛餐飲有限公司 (i) & (ii) & (iii) & (ix)	PRC	\$627,000	100.00%	100.00%	0.00%	Catering operation
Coree S.r.l. (iv) & (ix)	Italy	EUR13,106,000	100.00%	100.00%	0.00%	Consulting and marketing
COREE L.L.C. (x)	United States of America	\$7,863,948	100.00%	100.00%	0.00%	Not yet commence business

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Name of company	Place of establishment and operation	Particulars of issued and paid-up capital and debt securities	Proportion of ownership interest			Principal activities
			Group’s effective interest	Held by the Company	Held by a subsidiary	
Ofmom Company Limited (“OFMOM”) (viii) & (ix)	Hong Kong	\$55,504,756	60.16%	60.16%	0.00%	Trading of health products and investment holding
Beijing Medi’care Co., Ltd. 北京潤美康醫藥有限公司 (i) & (ii) & (iii) & (vii)	PRC	RMB2,600,000	60.16%	0.00%	100.00%	Trading of medical products
Ofmom (China) Company Limited 張家口歐福曼食品有限公司 (i) & (ii) & (iii) & (ix)	PRC	\$26,202,000	60.16%	0.00%	100.00%	Research and development, manufacture and sale of dairy products
Doctor B China Co., Limited 北京潤美祥國際貿易有限公司 (i) & (ii) & (iii) & (ix)	PRC	\$820,040	60.16%	0.00%	100.00%	Trading of cosmetic goods
Ofmom Korea Co., Ltd. (x)	Republic of Korea	KRW9,323,400,000	60.16%	0.00%	100.00%	Trading of medical products
Centre Ofmom Korea Co., Ltd. (x)	Republic of Korea	KRW5,200,000,000	37.02%	0.00%	61.54%	Investment holding
Beijing Yijiayi Culture Communication Co., Ltd. 北京一家益文化傳播有限公司 (i) & (ii) & (iii) & (ix)	PRC	\$26,202,000	60.16%	0.00%	100.00%	Research and development and sale of dairy products
Her Garden DeRAMA Co., Ltd. (x)	Republic of Korea	KRW150,000,000	18.51%	0.00%	50.01%	Operation of a postnatal care center
CENTRE OFMOM HONG KONG COMPANY LIMITED (vi) & (ix)	Hong Kong	\$7,576,638	37.02%	0.00%	100.00%	Investment holding
Beijing Centre Ofmom Co., Ltd. 北京媽咪愛母嬰護理有限公司 (i) & (ii) & (v) & (ix)	PRC	\$5,000,000	37.02%	0.00%	100.00%	Operation of a postnatal care center

Notes:

- (i) The official name of these entities is in Chinese. The English translation is included for identification only.
- (ii) Registered as limited liability companies and wholly foreign-owned enterprises under PRC law.
- (iii) These entities prepared the financial statements for the years ended December 31, 2023 and 2024 in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China (“**PRC GAAP**”). The financial statements were audited by KPMG Huazhen LLP.
- (iv) The entity prepared its financial statements for the years ended December 31, 2023 and 2024 in accordance with Italian Generally Accepted Accounting Principles (“**ITA GAAP**”). These financial statements have been audited by MGI DELEONE-TRIUNFO-GALLONI&ASSOCIATI.
- (v) The entity prepared the financial statements for the years ended December 31, 2023 and 2024 in accordance with the PRC GAAP. The financial statements were audited by Dongshen Certified Public Accountants LLP.

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- (vi) The entity prepared the financial statements for the years ended December 31, 2023 and 2024 in accordance with the HKFRS Accounting Standards. The financial statements were audited by IL Shin CPA LIMITED.
- (vii) The entity prepared the financial statements for the year ended December 31, 2025 in accordance with PRC GAAP. The financial statements for the year ended December 31, 2025 were audited by KPMG Huazhen LLP.
- (viii) The entity prepared the financial statements for the years ended December 31, 2023 and 2024 in accordance with the HKFRS Accounting Standards. The financial statements were audited by KPMG.
- (ix) No audited financial statements of these entities for the year ended December 31, 2025 have been prepared.
- (x) No audited financial statements have been prepared for these entities for the Relevant Period.

All companies now comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning January 1, 2025 are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in United States dollars (“\$”).

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for financial assets measured at fair value through other comprehensive income (“FVOCI”) and financial assets measured at fair value through profit or loss (“FVPL”), the measurement basis of which was disclosed in Note 2(f).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

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(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss or in equity if it represents contribution from shareholders. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). It is initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“OCI”) of those investees, until the date on which significant influence ceases.

When the Group’s share of losses exceeds its interest in the associate, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group’s net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(k)).

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)).

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(f) Other investments in securities

The Group’s policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(u)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see Note 2(u)).

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation on investment properties is calculated using the straight-line method to allocate their cost to their residual value over their estimate useful lives ranging from 30 to 50 years.

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(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction in progress represents plant and buildings under construction and equipment pending installation and is stated at cost less any accumulated impairment losses. Construction in progress is transferred to respective items under property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives are as follows:

– Freehold land	Indefinite
– Buildings	20 years
– Motor vehicle	4 to 5 years
– Plant and machinery	5 to 10 years
– Office equipment	3 to 5 years
– Leasehold improvement	Over the shorter of lease terms and 10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Intangible assets, including software, technical know-how, trademark and license have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(k)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Software	3 to 10 years
Technical know-how	5 to 15 years
Trademark	10 to 20 years
License	3 to 10 years
Patent	3 to 20 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Leased assets

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

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(i) As a lessee

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

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value assets. When the Group enters into a lease in respect of a low-value assets, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

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

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

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(u).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

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(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECL”)s on financial assets measured at amortized cost (including cash and cash equivalents, time deposit, trade receivables, other receivables and other financial assets measured at amortized cost).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for trade and other receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is past the contractual due date.

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ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(l) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(m) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(u)).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price and subsequently stated at amortized cost (see Note 2(k)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(k)).

(p) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(w).

(r) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

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(ii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(s) **Income tax**

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) **Provisions and contingent liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

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A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see Note 2(k)).

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group’s assets under leases in the ordinary course of the Group’s business.

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group’s ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Sales of goods

The Group recognizes the revenue of the sales contract between the customer and the Group at a point in time when the customer obtains control of the relevant goods. The Group fulfills the performance obligations in accordance with the provisions of the contract. Generally, when the product is transported to the location designated by the sales customer and accepted by the customer, control of the product is deemed to have been transferred to the customer, and the Group recognizes revenue accordingly.

(ii) Service income

The Group provides services such as brand promotion and product marketing promotion to certain pharmaceutical manufacturers and distributors. Fees are charged based on the specific services provided and are independent of product procurement contracts. The Group recognizes revenue from consulting services when the performance period of the services concludes.

(iii) Interest income

Interest income is recognized using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Dividends

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

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(v) ***Government grants***

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(vi) ***Rental income from operating leases***

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(v) **Translation of foreign currencies**

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognized in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into United States dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into United States dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) **Related parties**

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

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- (b) An entity is related to the Group if any of the following conditions applies:
- (i) 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).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

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 products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group’s accounting policies, management has made the following accounting judgements:

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note 14 to the Historical Financial Information.

(b) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Our revenue primarily come from medicine marketing, promotion and sales business, sales of maternity and supplements, and others.

Disaggregation of revenue

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Revenue from contracts with customers within the scope of HKFRS 15			
Disaggregated by major products or service			
Medicine marketing, promotion and sales	311,661,871	247,308,767	281,730,817
Maternity and supplements	25,244,365	23,839,153	15,701,906
Others	13,465,405	10,544,302	6,639,304
	<u>350,371,641</u>	<u>281,692,222</u>	<u>304,072,027</u>
Disaggregated by timing of revenue recognition			
At a point in time	<u>350,371,641</u>	<u>281,692,222</u>	<u>304,072,027</u>
	<u>350,371,641</u>	<u>281,692,222</u>	<u>304,072,027</u>

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an expected duration of one year or less.

In 2025, due to the downturn in sales, certain customers of the Group encountered difficulties in selling the goods purchased from the Group, and requested for return of goods to the Group. Taking into consideration of long-term business relationship, the Group has agreed to accept return of unsold products from certain customers on a one-off basis. Accordingly, returned goods with sales amount of \$9,059,394 has been accounted for as a deduction to the sales for the year ended December 31, 2025. Additionally, due to the strategic cooperation of Ambroterol oral solution (“**Yi Tan Jing**”) between the Group and Customer A, the Group negotiated with other customers who had inventory of Yi Tan Jing, arranging for them to return the unsold goods to the Group and then sold the goods to Customer A. Returned goods with a sales amount of \$21,109,791 were also accounted for as a deduction to the sales for the year ended December 31, 2025.

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(b) Segment Reporting

(i) Segment Information

The Group’s most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group’s revenue from external customers and (ii) the Group’s property, plant and equipment, investment property, goodwill, intangible assets and interests in an associate (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment property, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in an associate.

	Revenue from external customer		
	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Hong Kong (place of domicile)	24,929	8,594	13,025
Chinese Mainland	345,253,058	277,162,916	300,713,856
Korea	4,924,733	3,966,011	3,177,579
Other countries	168,921	554,701	167,567
	350,346,712	281,683,628	304,059,002
	350,371,641	281,692,222	304,072,027
	Specified non-current assets		
	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Hong Kong (place of domicile)	1,550,216	1,470,229	1,797,453
Chinese Mainland	12,641,514	12,178,343	11,819,164
Korea	3,382,129	820,725	1,123,458
Other countries	14,853,818	13,911,436	14,656,412
	30,877,461	26,910,504	27,599,034
	32,427,677	28,380,733	29,396,487

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(c) Information about major customers

For the years ended December 31, 2023, 2024 and 2025, the Group’s customer base was diversified, with Customer A which contributed more than 10% of the Group’s revenue, including sales to entities that the Group is aware of and is considered to be under common control with Customer A. For the years ended December 31, 2023, 2024 and 2025, revenue from Customer A was \$81,223,070, \$89,375,828 and \$107,567,379, respectively.

5. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Consulting fee income	28,060,769	13,512,981	405,238
Interest income	251,596	1,676,612	1,543,580
Fair value changes of other financial assets measured at FVPL	138,395	132,707	127,109
Government grants	4,327,866	481,888	214,559
Rental income	435,965	433,897	468,103
Gain on liquidation of a subsidiary	–	–	54,533
Others	770,191	1,797,460	54,905
	<u>33,984,782</u>	<u>18,035,545</u>	<u>2,868,027</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Interest on bank loans and other borrowings (Note 20 (c))	1,538,042	2,603,950	1,738,520
Interest on lease liabilities (Note 20 (c))	291,331	197,788	172,960
	<u>1,829,373</u>	<u>2,801,738</u>	<u>1,911,480</u>

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(b) Staff costs

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Salaries, wages and others	41,315,509	36,766,169	37,719,509
Contributions to defined contribution retirement plan	3,020,302	2,727,086	2,654,226
	<u>44,335,811</u>	<u>39,493,255</u>	<u>40,373,735</u>

Note: The employees of the subsidiaries of the Group established in the Chinese Mainland participate in defined contribution retirement benefit plans managed by the local government authorities, whereby these subsidiaries are required to contribute funds which are calculated based on certain percentages of the average employee salary as agreed by the local municipal governments to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligations for the payment of pension benefits associated with the schemes beyond the contributions described above.

(c) Other items

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Depreciation charge			
– Owned property, plant and equipment (Note 11)	1,993,082	1,470,003	1,435,005
– Right-of-use assets (Note 11)	4,912,870	1,785,161	1,600,375
– Investment property (Note 12)	290,689	274,261	306,943
	<u>7,196,641</u>	<u>3,529,425</u>	<u>3,342,323</u>
Amortization (Note 13)			
– Intangible assets	367,376	360,283	321,865
	<u>367,376</u>	<u>360,283</u>	<u>321,865</u>
Research and development costs	2,242,094	760,088	1,782,436
	<u>2,242,094</u>	<u>760,088</u>	<u>1,782,436</u>
Impairment losses/(reversal)			
– Trade and other receivables	355,802	1,861,097	(953,605)
– Property, plant and equipment (Note 11)	731,228	1,689,116	–
	<u>1,087,030</u>	<u>3,550,213</u>	<u>(953,605)</u>
[REDACTED] expenses	–	–	2,315,788
Auditors’ remuneration	361,180	328,880	309,289
Cost of inventories	177,171,644	111,826,230	144,255,506
	<u>177,171,644</u>	<u>111,826,230</u>	<u>144,255,506</u>

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7. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Current tax – PRC Tax			
Provision for the year	19,912,668	19,425,588	18,164,173
Current tax – Overseas Tax			
Provision for the year	348,271	93,152	1,837,319
	20,260,939	19,518,740	20,001,492
Deferred tax			
Origination and reversal of temporary differences	(347,086)	(842,579)	(1,897,870)
	19,913,853	18,676,161	18,103,622

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

		Year ended December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Profit before taxation		44,682,208	40,526,932	51,060,322
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries/jurisdictions concerned	(i),(ii),(iii)	13,020,923	16,660,179	14,530,717
Tax effect of non-taxable income		(1,736,214)	(3,267,311)	(10,341)
Tax effect of non-deductible expenses		1,694,661	497,477	1,149,685
Withholding tax on the dividend income from subsidiaries		1,728,740	2,796,246	1,704,199
Utilization of tax losses previously not recognized		(18,614)	(145,398)	(19,594)
Tax effect of deductible temporary differences or unused tax losses not recognized		5,224,357	2,134,968	748,956
Actual tax expense		19,913,853	18,676,161	18,103,622

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- (i) The Company and the Group’s subsidiaries in Hong Kong SAR did not have any assessable profits during the Relevant Period.
- (ii) The subsidiaries of the Group established in the Chinese Mainland are subject to PRC Enterprise Income Tax rate of 25% during the Relevant Period.
- (iii) Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. The applicable tax rates for overseas entities are varied from 10% to 25%.

8. DIRECTORS’ EMOLUMENTS

Directors’ emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended December 31, 2023					
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	\$	\$	\$	\$	\$
Executive director					
Mr. Lim Chongyoon	255,437	366,126	–	–	621,563
Chief executive					
Mr. Kim Jang Hee	–	148,260	1,401	7,085	156,746
	<u>255,437</u>	<u>514,386</u>	<u>1,401</u>	<u>7,085</u>	<u>778,309</u>

Year ended December 31, 2024					
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	\$	\$	\$	\$	\$
Executive director					
Mr. Lim Chongyoon	252,749	362,273	–	–	615,022
Chief executive					
Mr. Han Sung Jun (<i>Note(i)</i>)	–	–	–	–	–
Mr. Kim Jang Hee (<i>Note(ii)</i>)	–	55,125	160,467	1,781	217,373
	<u>252,749</u>	<u>417,398</u>	<u>160,467</u>	<u>1,781</u>	<u>832,395</u>

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	Year ended December 31, 2025				Total
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	
	\$	\$	\$	\$	\$
Executive director					
Mr. Lim Chongyoon	251,998	394,250	–	–	646,248
Mr. Han Sung Jun (<i>Note(i)</i>)	–	17,500	70,000	–	87,500
Mr. An Chiwoo (<i>Note(iii)</i>)	–	33,114	–	–	33,114
Ms. Hao Xin (<i>Note(iii)</i>)	–	25,000	–	–	25,000
	<u>251,998</u>	<u>469,864</u>	<u>70,000</u>	<u>–</u>	<u>791,862</u>

Notes:

- (i) Mr. Han Sung Jun joined the Group in June 2024 as a chief executive officer and was appointed as an executive director of the Group in November 2025.
- (ii) Mr. Kim Jang Hee resigned as the chief executive officer of the Group in May 2024.
- (iii) Mr. An Chiwoo and Ms. Hao Xin were appointed as executive directors of the Group in November 2025.
- (iv) Mr. Lee Kang Duk, Mr. Cho Yul Rae, Mr. Simon John Edward Gleave and Mr. Henry Chi-Fung Ho were appointed as the independent non-executive directors of the Company in December 2025 and will be conditional and effective upon the [REDACTED].

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors (including chief executive) and other employees included in the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 are set forth below:

	Year ended December 31,		
	2023	2024	2025
Directors (including chief executive)	1	1	1
Other employees	4	4	4
	<u>5</u>	<u>5</u>	<u>5</u>

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The emolument of the director is disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Salaries and other emoluments	1,306,212	1,261,841	1,146,484
Retirement scheme contributions	32,035	33,394	87,845
Discretionary bonuses	227,055	186,663	–
	<u>1,565,302</u>	<u>1,481,898</u>	<u>1,234,329</u>

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

Number of individuals

	Year ended December 31,		
	2023	2024	2025
HK\$			
1,500,001–2,000,000	1	–	3
2,000,001–2,500,000	2	2	–
2,500,001–3,000,000	–	1	–
3,500,001–4,000,000	–	–	1
4,000,001–4,500,000	–	1	–
5,500,001–6,000,000	1	–	–
	<u>4</u>	<u>4</u>	<u>4</u>

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the years ended December 31, 2023, 2024 and 2025 of \$16,816,217, \$17,060,164 and \$15,641,419, respectively, and the weighted average number of ordinary shares in issue, calculated as follows:

	Year ended December 31,		
	2023	2024	2025
Issued ordinary shares at January 1,	95,576,000	95,576,000	95,576,000
Effect of shares issued for acquisition of non-controlling interests	–	–	119,001
	<u>95,576,000</u>	<u>95,576,000</u>	<u>95,695,001</u>
Weighted average number of ordinary shares at December 31,	<u>95,576,000</u>	<u>95,576,000</u>	<u>95,695,001</u>

There are no potential dilutive ordinary shares in issue during the years ended December 31, 2023, 2024 and 2025. Therefore, diluted earnings per share is the same as basic earnings per share.

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11. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land \$	Buildings \$	Right-of-use assets	Motor vehicle	Plant and machinery	Office equipment	Leasehold improvement	Construction in progress	Total
As at January 1, 2023									
Cost	1,363,437	20,042,453	15,562,881	855,421	25,170,025	6,867,081	2,223,651	648,588	72,733,537
Accumulated depreciation	–	(9,897,588)	(5,267,819)	(569,911)	(17,758,405)	(4,566,605)	(934,244)	–	(38,994,572)
Impairment	–	(2,947,663)	–	(19,553)	(2,925,046)	(503,700)	–	(166,413)	(6,562,375)
Net book amount	1,363,437	7,197,202	10,295,062	265,957	4,486,574	1,796,776	1,289,407	482,175	27,176,590
Year ended December 31, 2023									
Opening net book amount	1,363,437	7,197,202	10,295,062	265,957	4,486,574	1,796,776	1,289,407	482,175	27,176,590
Additions	–	–	989,354	54,383	185,697	435,063	101,681	46,132	1,812,310
Disposals	–	–	(152,897)	(61)	(285,958)	(34,231)	(14,058)	–	(487,205)
Transfer to intangible assets	–	–	–	–	–	–	–	(99,721)	(99,721)
Depreciation charge	–	(624,533)	(4,912,870)	(63,821)	(479,727)	(148,137)	(676,864)	–	(6,905,952)
Impairment charge	–	(638,489)	–	40	(92,846)	67	–	–	(731,228)
Exchange adjustment	–	(36,043)	(141,838)	(2,710)	(73,967)	(29,099)	(21,035)	(1,683)	(306,375)
As at December 31, 2023									
Cost	1,363,437	19,776,470	16,083,521	905,678	24,367,069	6,941,480	2,273,671	590,541	72,301,867
Accumulated depreciation	–	(10,363,638)	(10,006,710)	(632,703)	(17,661,418)	(4,425,458)	(1,594,540)	–	(44,684,467)
Impairment	–	(3,514,695)	–	(19,187)	(2,965,878)	(495,583)	–	(163,638)	(7,158,981)
Net book amount	1,363,437	5,898,137	6,076,811	253,788	3,739,773	2,020,439	679,131	426,903	20,458,419
Year ended December 31, 2024									
Opening net book amount	1,363,437	5,898,137	6,076,811	253,788	3,739,773	2,020,439	679,131	426,903	20,458,419
Additions	–	–	1,247,147	81,548	64,232	203,684	514,306	1,112,834	3,223,751
Disposals	–	–	(932,307)	(12,651)	(11,389)	(54,026)	–	–	(1,010,373)
Transfer within property, plant and equipment	–	–	–	–	116,562	–	–	(116,562)	–
Depreciation charge	–	(262,308)	(1,785,161)	(53,635)	(361,174)	(442,371)	(350,515)	–	(3,255,164)
Impairment charge	–	(1,480,605)	–	–	(209,529)	1,018	–	–	(1,689,116)
Exchange adjustment	–	(23,107)	(94,043)	(12,499)	(181,790)	(37,327)	(38,979)	(9,222)	(396,967)
As at December 31, 2024									
Cost	1,363,437	19,545,307	8,570,545	885,827	23,892,943	6,611,701	2,701,961	1,575,185	65,146,906
Accumulated depreciation	–	(10,481,677)	(4,058,098)	(610,371)	(17,606,168)	(4,432,689)	(1,898,018)	–	(39,087,021)
Impairment	–	(4,931,513)	–	(18,905)	(3,130,090)	(487,595)	–	(161,232)	(8,729,335)
Net book amount	1,363,437	4,132,117	4,512,447	256,551	3,156,685	1,691,417	803,943	1,413,953	17,330,550

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	Freehold land \$	Buildings \$	Right-of-use assets	Motor vehicle	Plant and machinery	Office equipment	Leasehold improvement	Construction in progress	Total
Year ended December 31, 2025									
Opening net book amount	1,363,437	4,132,117	4,512,447	256,551	3,156,685	1,691,417	803,943	1,413,953	17,330,550
Additions	–	803,129	2,148,272	–	22,003	147,301	183,690	435,743	3,740,138
Disposals	–	–	(363,021)	–	(682,620)	(15,773)	(5,319)	–	(1,066,733)
Transfer within property, plant and equipment	–	1,390,516	–	–	54,689	–	–	(1,445,205)	–
Disposal of subsidiaries	–	–	–	(6,610)	(243,521)	(32,330)	(147,959)	–	(430,420)
Depreciation charge	–	(288,466)	(1,600,375)	(47,131)	(465,692)	(312,323)	(321,393)	–	(3,035,380)
Exchange adjustment	–	33,076	105,887	2,945	50,805	38,540	18,681	22,413	272,347
As at December 31, 2025									
Cost	1,363,437	21,787,606	10,382,346	823,138	22,419,021	6,503,167	2,635,455	588,645	66,502,815
Accumulated depreciation	–	(10,770,143)	(5,579,136)	(598,418)	(17,386,695)	(4,497,200)	(2,103,812)	–	(40,935,404)
Impairment	–	(4,947,091)	–	(18,965)	(3,139,977)	(489,135)	–	(161,741)	(8,756,909)
Net book amount	1,363,437	6,070,372	4,803,210	205,755	1,892,349	1,516,832	531,643	426,904	16,810,502

The property, plant and equipment were impaired because some machines and buildings of Ofmom (China) Company Limited were idle. The Group assessed the recoverable amounts of those machines and buildings and as a result the carrying amount of the machines and buildings was written down to their recoverable amount. The estimates of recoverable amount were based on the machines’ and buildings’ fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as remaining useful lives. The fair value on which the recoverable amount is based is categorized as level 3 measurement.

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(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Included in “property, plant and equipment”:			
Other equipment leased for own use	83,376	123,268	144,607
Other properties leased for own use	5,217,792	3,643,538	3,915,052
Ownership interests in leasehold land held for own use	775,643	745,641	743,551
	<u>6,076,811</u>	<u>4,512,447</u>	<u>4,803,210</u>

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Depreciation charge of right-of-use, carried at depreciated cost:			
Other equipment leased for own use	197,577	111,410	33,811
Other properties leased for own use	4,696,322	1,654,980	1,547,544
Ownership interests in leasehold land held for own use	18,971	18,771	19,020
	<u>4,912,870</u>	<u>1,785,161</u>	<u>1,600,375</u>
Interest on lease liabilities (<i>Note 6(a)</i>)	291,331	197,788	172,960
Expense relating to leases of low-value assets	596,483	359,964	989,146

Additions to right-of-use assets primarily related to the capitalized lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(d) and 25 respectively.

The Group leases buildings and items of land and other equipment under leases expiring from 2 to 10 years. Some leases include an option to renew the lease when all terms are renegotiated.

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12. INVESTMENT PROPERTY

	Buildings
As at January 1, 2023	
Cost	9,626,649
Accumulated depreciation	(1,073,633)
Net book amount	8,553,016
Year ended December 31, 2023	
Opening net book amount	8,553,016
Depreciation charge	(290,689)
Exchange adjustment	351,726
As at December 31, 2023	
Cost	10,022,526
Accumulated depreciation	(1,408,473)
Net book amount	8,614,053
Year ended December 31, 2024	
Opening net book amount	8,614,053
Depreciation charge	(274,261)
Exchange adjustment	(486,820)
As at December 31, 2024	
Cost	9,456,107
Accumulated depreciation	(1,603,135)
Net book amount	7,852,972
	Buildings
Year ended December 31, 2025	
Opening net book amount	7,852,972
Depreciation charge	(306,943)
Exchange adjustment	935,800
As at December 31, 2025	
Cost	10,582,944
Accumulated depreciation	(2,101,115)
Net book amount	8,481,829

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The Group leases out investment property under operating leases. The leases typically run for an initial period of 6 years, with an option to renew a further 6 years if neither of the parties cancels the renewal.

The fair value of the Group’s investment property at December 31, 2023, 2024 and 2025 is \$8,589,858, \$8,191,442, and \$9,456,078, respectively. The fair value is categorized within level 3 of the three-level fair value hierarchy.

The fair value of the investment properties is determined by the independent firm of professional surveyors using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis. As the investment properties are stated at cost less accumulated depreciation and impairment losses according to the Group’s accounting policy (see Note 2(g)), changes in fair value would not have any impact on the Group’s profit.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Within 1 year	433,800	433,897	468,672
After 1 year but within 2 years	433,800	433,897	414,970
After 2 years but within 3 years	433,800	384,180	34,174
After 3 years but within 4 years	384,094	31,638	–
After 4 years but within 5 years	31,631	–	–
	<u>1,717,125</u>	<u>1,283,612</u>	<u>917,816</u>

13. INTANGIBLE ASSETS

	Software	Technical know-how	Trademark	License	Patent	Total
	\$	\$	\$	\$	\$	\$
Cost:						
At January 1, 2023	2,097,292	6,773	1,623	2,461,602	426,706	4,993,996
Addition	12,501	–	–	141,421	100,433	254,355
Addition through internal development	99,721	–	–	–	–	99,721
Disposals	(379,340)	–	–	–	–	(379,340)
Exchange adjustments	(27,740)	(113)	(30)	(12,299)	17,548	(22,634)
At December 31, 2023 and January 1, 2024	<u>1,802,434</u>	<u>6,660</u>	<u>1,593</u>	<u>2,590,724</u>	<u>544,687</u>	<u>4,946,098</u>
Additions	23,930	–	2,871	–	563,951	590,752
Disposals	(11,888)	–	–	–	–	(11,888)
Exchange adjustments	(82,755)	(98)	(187)	(94,260)	(281,736)	(459,036)
At December 31, 2024 and January 1, 2025	<u>1,731,721</u>	<u>6,562</u>	<u>4,277</u>	<u>2,496,464</u>	<u>826,902</u>	<u>5,065,926</u>
Additions	1,175,559	–	10,737	–	237,224	1,423,520
Disposals	(92,626)	–	(4,305)	(711,624)	–	(808,555)
Exchange adjustments	31,211	(77)	27	4,701	98,538	134,400
At December 31, 2025	<u>2,845,865</u>	<u>6,485</u>	<u>10,736</u>	<u>1,789,541</u>	<u>1,162,664</u>	<u>5,815,291</u>

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	Software	Technical know-how	Trademark	License	Patent	Total
	\$	\$	\$	\$	\$	\$
Accumulated amortization:						
At January 1, 2023	536,499	2,088	189	1,677,973	43,655	2,260,404
Charge for the year	217,583	666	319	141,042	7,766	367,376
Written off upon disposal	(128,929)	–	–	–	–	(128,929)
Exchange adjustments	(9,430)	(35)	(4)	(3,058)	1,795	(10,732)
At December 31, 2023 and January 1, 2024	615,723	2,719	504	1,815,957	53,216	2,488,119
Charge for the year	209,480	656	568	132,468	17,111	360,283
Written off upon disposal	(11,888)	–	–	–	–	(11,888)
Exchange adjustments	(31,580)	(39)	(59)	(35,888)	(3,007)	(70,573)
At December 31, 2024 and January 1, 2025	781,735	3,336	1,013	1,912,537	67,320	2,765,941
Charge for the year	245,842	671	1,236	66,674	7,442	321,865
Written off upon disposal	(34,254)	–	(1,451)	(470,964)	–	(506,669)
Exchange adjustments	16,674	(150)	7	2,671	8,022	27,224
At December 31, 2025	1,009,997	3,857	805	1,510,918	82,784	2,608,361
Impairment:						
At January 1, 2023, December 31, 2023 and December 31, 2024 and December 31, 2025	107,770	–	–	278,623	–	386,393
Net book value:						
At December 31, 2023	1,078,941	3,941	1,089	496,144	491,471	2,071,586
At December 31, 2024	842,216	3,226	3,264	305,304	759,582	1,913,592
At December 31, 2025	1,728,098	2,628	9,931	–	1,079,880	2,820,537

The amortization charge is included in “cost of sales”, “selling and marketing expenses” and “administrative expenses” according to the function of amortization charge.

14. GOODWILL

	Beijing Medi’care Co., Ltd. 北京潤美康醫藥 有限公司	Coree Medicare Co., Ltd. 武漢科利醫藥 有限公司	Total
	\$	\$	\$
Cost:			
At January 1, 2023	862,893	–	862,893
Addition	–	420,726	420,726
At December 31, 2023 and December 31, 2024 and December 31, 2025	862,893	420,726	1,283,619

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Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group’s cash-generating units (CGU) identified as follows:

- Beijing Medi’care Co., Ltd. (北京潤美康醫藥有限公司)
- Coree Medicare Co., Ltd. (武漢科利醫藥有限公司)

The recoverable amounts of the above CGUs as at December 31, 2023, 2024 and 2025 have been determined based on value in use calculations using cash flow projections based on financial budgets approved by senior management covering a 5-year period. The key assumptions used in estimating the recoverable amount are as follows:

	As at December 31,		
	2023	2024	2025
Beijing Medi’care Co., Ltd.			
北京潤美康醫藥有限公司			
Annual revenue growth rate during the forecast period:	-46%~10%	-12%~10%	-13%~10%
Gross profit margin	32%~35%	35%	23%
Growth rate beyond the forecast period	2%	2%	2%
Pre-tax discount rate	15%	13%	13%

Coree Medicare Co., Ltd.			
武漢科利醫藥有限公司			
Annual revenue growth rate during the forecast period:	-10%~10%	10%	5%~21%
Gross profit margin	45%~49%	45%	48%~52%
Growth rate beyond the forecast period	2%	2%	2%
Pre-tax discount rate	15%	13%	13%

The headroom calculated by deducting the carrying amount from the recoverable amount of CGUs is as follows:

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Beijing Medi’care Co., Ltd.			
北京潤美康醫藥有限公司	308,420,973	387,090,598	345,764,894
Coree Medicare Co., Ltd.			
武漢科利醫藥有限公司	52,083,352	111,270,901	357,447,493

As a result of the impairment tests, the management is of the view that there was no impairment of goodwill as of December 31, 2023, 2024 and 2025. Reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2023, 2024 and 2025.

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Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to percentage point of annual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the headroom respectively as at December 31, 2023, 2024 and 2025:

	December 31, 2023	December 31, 2024	December 31, 2025
Beijing Medi’care Co., Ltd. 北京潤美康醫藥有限公司			
Decrease in annual revenue growth rate	37%	56%	72%
Increase in pre-tax discount rate	>100%	>100%	72%
Coree Medicare Co., Ltd. 武漢科利醫藥有限公司			
Decrease in annual revenue growth rate	71%	99%	93%
Increase in pre-tax discount rate	>100%	>100%	>100%

15. INTERESTS IN SUBSIDIARIES

The particulars of subsidiaries are set out in Note 1.

The following table lists out the information relating to OFMOM, the subsidiary of the Group which has a material NCI. The summarized financial information presented below represents the amounts before any inter-company elimination.

	As at December 31,/year ended December 31,		
	2023	2024	2025
	\$	\$	\$
NCI percentage	66.40%	66.40%	39.84%
Current assets	125,352,572	146,610,925	206,238,849
Non-current assets	20,315,406	18,062,069	31,810,894
Current liabilities	(90,439,915)	(102,986,101)	(143,496,984)
Non-current liabilities	(4,027,755)	(3,047,797)	(4,608,431)
Net assets	51,200,308	58,639,096	89,944,328
Carrying amount of NCI	32,573,555	37,146,431	34,792,275
Revenue	299,080,449	169,652,829	176,435,039
Profit for the year	8,389,236	7,967,923	28,134,152
Total comprehensive income for the year	7,977,055	7,438,788	31,305,232
Profit allocated to NCI	8,112,642	4,971,045	19,071,638
Dividend paid to NCI	5,531,677	—	—
Net cash generated from/(used in) operating activities	19,994,896	(13,602,972)	9,645,492
Net cash generated from/(used in) investing activities	391,917	(14,260,999)	(15,876,142)
Net cash (used in)/generated from financing activities	(2,234,038)	(4,164,545)	1,867,965

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16. INTEREST IN AN ASSOCIATE

The following list contains the particulars of an associate, which is unlisted corporate entity whose quoted market price is not available.

Name of associate	Form of business structure	Place of incorporation and business operation	Particulars of issued and paid-up capital	Group’s effective interest	Held by a subsidiary	Principal activity
DeRAMA Global Co., Ltd. (“Derama Global”)	Incorporation	Republic of Korea	KRW148,780,000	37.70%	37.70%	Operating a postnatal care center

Summarized financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Derama Global			
As at December 31,/year ended December 31,			
	2023	2024	2025
	\$	\$	\$
Gross amounts of the associate’s			
Current assets	1,959,425	1,962,244	2,003,631
Non-current assets	1,580,761	1,067,488	931,860
Current liabilities	(3,911,226)	(3,674,570)	(3,730,458)
Non-current liabilities	(213,173)	(247,526)	(250,855)
Equity	(584,213)	(892,364)	(1,045,822)
Revenue	2,195,530	2,773,597	3,176,260
Loss for the year	(853,123)	(404,511)	(150,654)
Other comprehensive income	(15,910)	96,360	(2,804)
Total comprehensive income	(869,033)	(308,151)	(153,458)
Reconciled to the Group’s interests in the associate			
Gross amounts of net liabilities of the associate	(584,213)	(892,364)	(1,045,822)
Group’s effective interest	37.7%	37.7%	37.7%
Group’s share of net assets of the associate	–	–	–
Carrying amount in the consolidated financial statement	–	–	–

The above associate is accounted for using the equity method in the consolidated financial statements. The Group ceased recognizing its share of losses of the associate due to excess losses of the investee.

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17. OTHER FINANCIAL ASSETS

	Year ended/As of December 31,		
	2023	2024	2025
	\$	\$	\$
Non-current assets			
Financial assets measured at amortized cost			
– Loan to Dx & Vx Co., Ltd. (Note (i))	–	19,002,836	19,434,355
Financial asset measured at FVOCI			
– Investment in a private company (Note (ii))	3,114,339	–	–
– Listed equity securities (Note (iii))	–	4,624,733	7,940,081
Financial asset measured at FVPL			
– Unlisted convertible bonds (Note (iv))	2,335,506	2,060,730	–
	<u>5,449,845</u>	<u>25,688,299</u>	<u>27,374,436</u>
Current assets			
Financial asset measured at FVPL			
– Unlisted convertible bonds (Note (iv))	–	–	2,074,437
	<u>–</u>	<u>–</u>	<u>2,074,437</u>

Notes:

- (i) Pursuant to a loan agreement entered into with Dx & Vx Co., Ltd. on March 7, 2024, OFMOM provided a loan to Dx & Vx Co., Ltd. amounting to RMB136,600,000 at an annual interest rate of 6.88%. The loan, originally maturing on March 7, 2027, was fully repaid on January 16, 2026.
- (ii) Investment in a private company mainly represented 9,031 ordinary shares and 9,031 preference shares investments of Herings Inc. For the detail information of the fair value measurement for the investment, please refer to Note 28(f).
- (iii) Investment in listed equity securities mainly represented 3,656,927 ordinary shares investment of Dx & Vx Co., Ltd. For the detail information of the fair value measurement for the investment, please refer to Note 28(f).
- (iv) Investment in unlisted convertible bonds mainly represented a 6% bearer, non-guaranteed convertible bonds with aggregate principal amount of KRW3,000,000,000 (equivalent to approximately \$2 million) (“the **Convertible Bonds**”) of Derama Global.

The Convertible Bonds give the holder the right to convert all or any part of the outstanding principal amount of the Convertible Bonds into fully paid ordinary shares in the issuer at KRW409,836 per share during the conversion period from the issuance date to the maturity date. Due to the inclusion of equity conversion in this bond, the contractual cash retention of financial assets does not meet the condition of solely payments of principal and interest, the Group designated its investment in the Convertible Bonds at FVPL. For the detail information of the fair value measurement for the investment, please refer to Note 28(f).

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18. INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Raw materials	3,676,902	2,809,872	1,689,853
Work in progress	236,613	232,518	13,903
Finished goods	16,719,837	40,314,621	31,643,311
Goods in transit	17,902	–	37,454
	<u>20,651,254</u>	<u>43,357,011</u>	<u>33,384,521</u>
Less: write-down of inventories	<u>(333,305)</u>	<u>(98,812)</u>	<u>(1,205,025)</u>
	<u><u>20,317,949</u></u>	<u><u>43,258,199</u></u>	<u><u>32,179,496</u></u>

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Carrying amount of inventories sold	176,925,860	111,580,103	143,170,243
Write-down of inventories	<u>245,784</u>	<u>246,127</u>	<u>1,085,263</u>
	<u><u>177,171,644</u></u>	<u><u>111,826,230</u></u>	<u><u>144,255,506</u></u>

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Trade receivables, net of loss allowance	59,371,336	89,469,015	186,540,082
Deposits and other receivables	10,031,708	4,876,755	9,235,702
Amounts due from related parties	1,258,575	2,273,678	11,137,434
Prepayments	<u>1,422,565</u>	<u>1,364,214</u>	<u>9,027,840</u>
	<u><u>72,084,184</u></u>	<u><u>97,983,662</u></u>	<u><u>215,941,058</u></u>

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The Company

	2023	As at December 31, 2024	2025
	\$	\$	\$
Deposits and other receivables	384	76,000	1,207,466
Amounts due from subsidiaries	2,146,423	5,911,410	6,016,558
Prepayments	25,112	58,351	4,624,713
	<u>2,171,919</u>	<u>6,045,761</u>	<u>11,848,737</u>

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	2023	As at December 31, 2024	2025
	\$	\$	\$
Within 3 months	49,637,115	56,394,483	125,694,887
More than 3 months but less than 6 months	8,416,904	5,423,936	37,378,466
More than 6 months but less than 9 months	748,577	16,639,288	20,593,650
More than 9 months but less than 12 months	500,760	6,900,916	1,121,331
More than 12 months	67,980	4,110,392	1,751,748
	<u>59,371,336</u>	<u>89,469,015</u>	<u>186,540,082</u>

Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 28(a).

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents and time deposits:

The Group

	2023	As at December 31, 2024	2025
	\$	\$	\$
Time deposits	492,980	121,168	146,028
Bank and cash balances	<u>58,449,177</u>	<u>16,086,061</u>	<u>9,240,125</u>
Cash at bank and on hand	58,942,157	16,207,229	9,386,153
Less: time deposits	<u>(492,980)</u>	<u>(121,168)</u>	<u>(146,028)</u>
Cash and cash equivalents	<u>58,449,177</u>	<u>16,086,061</u>	<u>9,240,125</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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(b) **Reconciliation of profit before taxation to cash generated from operations:**

		Year ended December 31,		
	Note	2023	2024	2025
		\$	\$	\$
Profit before taxation		44,682,208	40,526,932	51,060,322
Adjustments for:				
Amortization of intangible assets	6(c)	367,376	360,283	321,865
Depreciation	6(c)	7,196,641	3,529,425	3,342,323
Write-down of inventories	18(b)	245,784	246,127	1,085,263
Impairment loss on property, plant and equipment	11(a)	731,228	1,689,116	-
Impairment losses/(reversal) on trade and other receivables	6(c)	355,802	1,861,097	(953,605)
Fair value changes of other financial assets measured at FVPL	5	(138,395)	(132,707)	(127,109)
Interest income	5	(251,596)	(1,676,612)	(1,543,580)
Finance costs	6(a)	1,829,373	2,801,738	1,911,480
Share of losses of an associate		104,107	-	-
Losses/(gains) on disposal of items of property, plant and equipment		305,527	(987,633)	246,035
Gain on liquidation of a subsidiary		-	-	(54,533)
Changes in working capital:				
Decrease/(increase) in inventories		4,180,016	(23,186,377)	9,972,490
Increase in trade receivables, other receivables and prepayments		(5,617,450)	(24,067,613)	(110,293,774)
Decrease/(increase) in time deposits		1,497,629	371,812	(24,860)
Increase in trade and other payables		2,352,853	13,161,749	55,347,303
(Decrease)/increase in contract liabilities		(1,403,776)	247,049	1,016,832
Cash generated from operating activities		56,437,327	14,744,386	11,306,452

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(c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

	Bank and other borrowings \$ (Note 24)	Trade and other payables- accrued interest \$	Lease liabilities \$ (Note 25)	Dividends payable \$	Total \$
At January 1, 2023	42,092,444	115,917	12,077,897	–	54,286,258
Changes from financing cash flows:					
Dividends paid to the owners of non-controlling interests	–	–	–	(5,531,677)	(5,531,677)
Capital element of lease rentals paid	–	–	(6,105,676)	–	(6,105,676)
Interest element of lease rentals paid	–	–	(291,331)	–	(291,331)
Proceeds from bank and other borrowings	65,749,901	–	–	–	65,749,901
Repayment of bank and other borrowings	(59,246,242)	–	–	–	(59,246,242)
Interest paid	(1,646,267)	(545,282)	–	–	(2,191,549)
Total changes from financing cash flows	4,857,392	(545,282)	(6,397,007)	(5,531,677)	(7,616,574)
Exchange adjustments	(5,415,800)	–	474,697	–	(4,941,103)
Other changes:					
Interest expenses (Note 6(a))	1,030,044	507,998	291,331	–	1,829,373
Increase in lease liabilities from entering into new leases during the year	–	–	989,354	–	989,354
Dividends declared	–	–	–	5,531,677	5,531,677
Total other changes	1,030,044	507,998	1,280,685	5,531,677	8,350,404
At December 31, 2023 and January 1, 2024	42,564,080	78,633	7,436,272	–	50,078,985

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	Bank and other borrowings \$ (Note 24)	Trade and other payables- accrued interest \$	Lease liabilities \$ (Note 25)	Dividends payable \$	Total \$
Changes from financing cash flows:					
Capital element of lease rentals paid	–	–	(3,829,898)	–	(3,829,898)
Interest element of lease rentals paid	–	–	(197,788)	–	(197,788)
Proceeds from bank and other borrowings	31,423,439	–	–	–	31,423,439
Repayment of bank and other borrowings	(25,034,553)	–	–	–	(25,034,553)
Interest paid	(1,399,860)	(53,550)	–	–	(1,453,410)
Total changes from financing cash flows	4,989,026	(53,550)	(4,027,686)	–	907,790
Exchange adjustments	(5,353,645)	–	(136,159)	–	(5,489,804)
Other changes:					
Interest expenses (Note 6 (a))	2,428,964	174,986	197,788	–	2,801,738
Increase in lease liabilities from entering into new leases during the year	–	–	1,247,147	–	1,247,147
Total other changes	2,428,964	174,986	1,444,935	–	4,048,885
At December 31, 2024	44,628,425	200,069	4,717,362	–	49,545,856

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	Bank and other borrowings \$ (Note 24)	Trade and other payables- accrued interest \$	Lease liabilities \$ (Note 25)	Total \$
At January 1, 2025	44,628,425	200,069	4,717,362	49,545,856
Changes from financing cash flows:				
Capital element of lease rentals paid	–	–	(1,668,419)	(1,668,419)
Interest element of lease rentals paid	–	–	(219,252)	(219,252)
Proceeds from bank and other borrowings	51,800,000	–	–	51,800,000
Repayment of bank and other borrowings	(45,706,082)	–	–	(45,706,082)
Interest paid	(1,361,832)	(286,208)	–	(1,648,040)
Total changes from financing cash flows	4,732,086	(286,208)	(1,887,671)	2,558,207
Exchange adjustments	(1,484,592)	–	(660,027)	(2,144,619)
Other changes:				
Interest expenses (Note 6(a))	1,006,524	731,996	172,960	1,911,480
Decrease of lease liability due to premature lease termination	–	–	(46,474)	(46,474)
Increase in lease liabilities from entering into new leases during the year	–	–	2,148,272	2,148,272
Total other changes	1,006,524	731,996	2,274,758	4,013,278
At December 31, 2025	48,882,443	645,857	4,444,422	53,972,722

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases represent lease rentals paid and comprise the following:

	Year ended December 31,		
	2023 \$	2024 \$	2025 \$
Within operating cash flows	596,483	359,964	989,146
Within financing cash flows	6,397,007	4,027,686	1,887,671
	6,993,490	4,387,650	2,876,817

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21. LOANS TO DIRECTORS AND ENTITIES CONNECTED WITH DIRECTORS

Loans to directors of the Company and entities connected with directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Name of borrower	Mr. Lim Chongyoon	Meditation With a pencil Co., Ltd.		HMG Korea Co., Ltd.
Relationship with the Company	Director of the Company	Entity controlled by Mr. Lim Chongyoon, director of the Company		Entity controlled by Mr. Lim Chongyoon, director of the Company
Terms of the loan				
– duration and repayment terms	Unlimited	1 year from June 25, 2025	7 years from July 1, 2019, 2 years from June 3, 2024 and 1 year from April 25, May 24, May 31, 2024, respectively,	1 year from January 22, 2020, April 22, 2020, July 24, 2020 and January 31, 2023, respectively
– loan amount	\$329,643	\$520,000	KRW570,139,190	KRW197,000,000
– interest rate	Interest free	5.37%	4.60%	4.60%
– security	None	None	None	None
Balance of the loan				
– at January 1, 2023	\$329,643	–	KRW165,939,190	KRW160,000,000
– at December 31, 2023	\$329,643	–	KRW165,939,190	KRW177,000,000
– at December 31, 2024	\$329,643	\$534,522	KRW329,939,190	KRW107,000,000
– at December 31, 2025	\$329,643	\$562,420	KRW235,939,190	KRW107,000,000
Maximum balance outstanding				
– During 2023	\$329,643	–	KRW165,939,190	KRW197,000,000
– During 2024	\$329,643	\$534,522	KRW494,939,190	KRW177,000,000
– During 2025	\$329,643	\$562,420	KRW241,657,407	KRW110,334,055

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Name of borrower		Machang Music & Pictures Co., Ltd.					
Relationship with the Company		Entity controlled by Mr. Lim Chongyoon, director of the Company					
Terms of the loan							
– duration and repayment terms	1 year from March 26, 2025	Unlimited	1 year from February 22, 2025	Unlimited	Unlimited	Unlimited	
– loan amount	KRW30,000,000	\$689,000	\$300,000	\$679,339	\$160,000	\$1,300,000	
– interest rate	4.60%	4.60%	4.60%	5.80%	6.88%	5.37%	
– security	None	None	None	None	None	None	
Balance of the loan							
– at December 31, 2025	KRW310,695,945	\$878,428	\$367,034	\$766,555	\$181,413	\$1,406,051	
Maximum balance outstanding							
– During 2025	KRW310,695,945	\$878,428	\$367,034	\$766,555	\$181,413	\$1,406,051	
Name of borrower		Coree Pohang Co., Ltd.					
Relationship with the Company		Entity controlled by Mr. Lim Chongyoon, director of the Company					
Terms of the loan							
– duration and repayment terms	1 year from November 18, 2025	1 year from March 15, 2025	2 year from August 5, 2025	4.5 year from August 5, 2025	3 year from July 25, 2023	two years from July 30, 2024, August 1, 2024, September 20, 2024 and October 14, 2024, respectively	
– loan amount	KRW150,000,000	EUR100,000	\$750,000	KRW1,000,000,000	\$155,885	\$3,493,000	
– interest rate	4.60%	4.60%	5.99%~6.88%	3.51%~4.91%	5.80%~5.99%	5.99%~6.88%	
– security	None	None	None	None	None	None	
Balance of the loan							
– at December 31, 2025	KRW150,831,781	EUR104,600	\$819,939	KRW1,034,964,510	\$178,086	\$3,798,001	
Maximum balance outstanding							
– During 2025	KRW150,831,781	EUR104,600	\$819,939	KRW1,134,975,343	\$178,086	\$3,798,001	

There was no amount due but unpaid, nor any loss allowance made against the principal amount of or interest on these loans at December 31, 2023, 2024 and 2025, respectively. Loans to HMG Korea Co., Ltd. were renewed annually upon maturity.

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22. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Trade and other payables			
Trade payables	30,291,351	51,547,507	92,732,125
Other payables and accruals	27,984,028	20,550,284	29,966,293
	<u>58,275,379</u>	<u>72,097,791</u>	<u>122,698,418</u>

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

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Trade payables			
Within 3 months	24,769,008	17,256,613	35,309,614
3 to 6 months	31,519	19,880,996	32,069,571
6 to 12 months	97,997	9,334,060	15,916,451
Over 12 months	5,392,827	5,075,838	9,436,489
	<u>30,291,351</u>	<u>51,547,507</u>	<u>92,732,125</u>

The Company

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Trade and other payables			
Interest payables	1,216,302	2,066,214	2,854,803
Amount due to subsidiaries	110,256	20,324	44,835
Amount due to other related parties	294,793	–	14,377
Amount due to the third parties	–	385,609	1,112,137
	<u>1,621,351</u>	<u>2,472,147</u>	<u>4,026,152</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and repayable on demand.

The amounts due to related parties are unsecured, interest-free and are repayable on demand.

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23. CONTRACT LIABILITIES

Movements in contract liabilities

The Group

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Balance at January 1	3,266,843	1,863,067	2,110,116
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(2,577,956)	(953,368)	(1,326,840)
Increase in contract liabilities as a result of billing in advance	1,189,183	1,210,105	2,271,629
Effect of foreign exchange rate changes	(15,003)	(9,688)	72,043
Balance at December 31	<u>1,863,067</u>	<u>2,110,116</u>	<u>3,126,948</u>

The Company

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Balance at January 1	899,787	658,882	426,613
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(227,173)	(225,110)	(287,255)
Effect of foreign exchange rate changes	(13,732)	(7,159)	69,308
Balance at December 31	<u>658,882</u>	<u>426,613</u>	<u>208,666</u>

Contract liabilities primarily relate to the considerations received from customers before the Group satisfying performance obligations. It would be recognized as revenue upon the rendering of goods and services.

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24. BANK AND OTHER BORROWINGS

(a) The bank and other borrowings comprised:

The Group

		As at December 31,		
		2023	2024	2025
		\$	\$	\$
Current				
Bank loans	<i>Note</i>	32,514,596	41,424,022	47,499,777
Loans from related parties		8,567,286	1,632,404	1,115,348
Loans from third parties		–	161,038	–
Non-current				
Bank loans	<i>Note</i>	1,075,574	666,861	267,318
Loans from related parties		406,624	400,645	–
Loans from third parties		–	343,455	–
		<u>42,564,080</u>	<u>44,628,425</u>	<u>48,882,443</u>

The Company

		As at December 31,		
		2023	2024	2025
		\$	\$	\$
Current				
Loans from Mr. Lim Chongyoon		6,078,529	–	–
Loans from subsidiaries		15,489,864	14,898,263	16,598,409
Non-current				
Loans from a subsidiary		<u>1,380,000</u>	<u>1,380,000</u>	<u>–</u>
		<u>22,948,383</u>	<u>16,278,263</u>	<u>16,598,409</u>

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(b) The analysis of the repayment schedule of bank and other borrowings is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Within 1 year or on demand	41,081,882	43,217,464	48,615,125
After 1 year but within 2 years	–	1,410,961	199,417
After 2 years but within 5 years	1,482,198	–	67,901
	<u>42,564,080</u>	<u>44,628,425</u>	<u>48,882,443</u>

The Company

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Within 1 year or on demand	21,568,393	14,898,263	16,598,409
After 1 year but within 2 years	–	1,380,000	–
After 2 years but within 5 years	1,380,000	–	–
	<u>22,948,393</u>	<u>16,278,263</u>	<u>16,598,409</u>

Note:

The bank loans are mainly denominated in RMB. At December 31, 2023, 2024 and 2025, current bank loans with carrying amounts of \$25,414,037, \$27,822,603 and \$28,454,359, respectively, were guaranteed by Mr. Lim Chongyoon.

The non-current bank loans of \$1,075,574 and \$666,861 as at December 31, 2023 and 2024, and the current bank loans of \$356,940 as at December 31, 2025 were guaranteed by the Italy Government with an interest rate of 0.95% per annum and is repayable by installments from December 2023 to November 2026.

The current bank loans of \$193,145 and the non-current bank loans of \$267,318 at December 31, 2025 was guaranteed by the Italy Government with an interest rate of 3.2% per annum and is repayable by installments from May 2025 to April 2028.

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25. LEASE LIABILITIES

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Within 1 year	2,949,394	1,430,076	1,653,940
After 1 year but within 2 years	2,054,936	1,367,674	2,774,007
After 2 years but within 5 years	2,431,942	1,919,612	16,475
	4,486,878	3,287,286	2,790,482
	7,436,272	4,717,362	4,444,422

26. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
At the beginning of the year	4,571,172	8,142,258	2,661,476
Provision for the year	20,260,939	19,518,740	20,001,492
Income tax paid	(16,689,853)	(24,999,522)	(18,374,195)
At the end of the year	8,142,258	2,661,476	4,288,773

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(b) **Deferred tax assets and liabilities recognized:**

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:	Credit loss allowance	Right- of-use assets	Lease liabilities	Provision for inventories	Unused tax losses	Customer rebates	Provision for restoration obligation	Accrued interest income	Unrealized profits on inventories	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At January 1, 2023	96,967	(1,421,958)	1,592,322	99,847	165,173	964,633	-	-	-	1,496,984
Credited/(charged) to profit or loss	94,273	366,199	(409,938)	(47,203)	(157,256)	501,011	-	-	-	347,086
At December 31, 2023 and January 1, 2024	191,240	(1,055,759)	1,182,384	52,644	7,917	1,465,644	-	-	-	1,844,070
Credited/(charged) to profit or loss	148,738	152,118	(154,397)	(41,111)	(7,917)	(395,629)	-	-	1,140,777	842,579
At December 31, 2024 and January 1, 2025	339,978	(903,641)	1,027,987	11,533	-	1,070,015	-	-	1,140,777	2,686,649
(Charged)/credited to profit or loss	116,352	(11,636)	(22,023)	286,052	-	1,027,489	34,118	(83,355)	550,873	1,897,870
At December 31, 2025	456,330	(915,277)	1,005,964	297,585	-	2,097,504	34,118	(83,355)	1,691,650	4,584,519

(ii) *Reconciliation to the consolidated statements of financial position*

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Net deferred tax asset in the consolidated statement of financial position	1,859,754	2,686,649	4,584,960
Net deferred tax liability in the consolidated statement of financial position	(15,684)	-	(441)
	1,844,070	2,686,649	4,584,519

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(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(s), the Group has not recognized deferred tax assets in respect of cumulative tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Pursuant to the PRC tax regulations, the unrecognized tax losses at December 31, 2023, 2024, 2025 will expire in the following years:

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
2024	8,920,038	–	–
2025	7,903,905	7,787,684	–
2026	7,878,319	7,719,850	7,895,142
2027	6,729,569	6,529,894	6,678,165
2028	12,949,273	12,709,621	12,918,565
2029	–	8,424,270	8,615,557
2030	–	–	5,565,694
	<u>44,381,104</u>	<u>43,171,319</u>	<u>41,673,123</u>

Tax losses of entities in Korea will expire in 10 to 15 years after the tax losses generated. At December 31, 2023, 2024, 2025, the cumulative tax losses of entities in Korea are \$17,372,384, \$16,623,210, and \$7,601,291, respectively.

Cumulative tax losses of entities in Hong Kong and Italy of \$30,792,516, \$33,246,451 and \$24,694,792 for the year ended December 31, 2023, 2024, and 2025 do not expire under current tax legislation.

There were no other significant unrecognized temporary differences at the end of each reporting period.

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27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity during the Relevant Period is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity are set out below:

	Share capital \$	Other reserve \$	Accumulated losses \$	Total \$
Balance at January 1, 2023	95,576,000	(30,212,832)	(42,235,349)	23,127,819
Changes in equity for 2023:				
Loss for the year	—	—	(7,104,358)	(7,104,358)
Total comprehensive income for the year	—	—	(7,104,358)	(7,104,358)
Balance at December 31, 2023 and January 1, 2024	95,576,000	(30,212,832)	(49,339,707)	16,023,461
Changes in equity for year ended 2024:				
Profit for the year	—	—	20,312,168	20,312,168
Other comprehensive income	—	(3,083,330)	—	(3,083,330)
Total comprehensive income for the year	—	(3,083,330)	20,312,168	17,228,838
Balance at December 31, 2024 and January 1, 2025	95,576,000	(33,296,162)	(29,027,539)	33,252,299
Changes in equity for 2025:				
Profit for the year	—	—	6,978,817	6,978,817
Other comprehensive income	—	3,315,348	—	3,315,348
Total comprehensive income	—	3,315,348	6,978,817	10,294,165
Issue of shares	20,897,268	—	—	20,897,268
Balance at December 31, 2025	116,473,268	(29,980,814)	(22,048,722)	64,443,732

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(b) Share capital

Issued share capital

	<i>No. of shares</i>	<i>\$</i>
As at January 1, 2023, December 31, 2023 and December 31, 2024	95,576,000	95,576,000
Issue of shares	4,826,159	20,897,268
	<u> </u>	<u> </u>
As at December 31, 2025	<u>100,402,159</u>	<u>116,473,268</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

To streamline the corporate structure in preparation of the [REDACTED], the Group underwent a corporate reorganisation (the “**Reorganization**”), as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Document, pursuant to which:

- (i) In December 2025, the Company acquired 26.56% equity interest in OFMOM from Mr. Lim Chongyoon at a consideration of \$20,897,267, which was settled by the issue of 4,826,159 consideration shares by the Company to Mr. Lim Chongyoon; and
- (ii) In July and August 2025, the Group transferred all of its equity interests in Machang Music & Pictures Co., Ltd. and Coree Pohang Co., Ltd. to Mr. Lim Chongyoon for a nominal cash consideration. Upon completion of the aforesaid transfer, these two entities ceased to be the subsidiaries of the Group, and the difference between the consideration received and the net liabilities disposed of was treated as deemed contribution from Mr. Lim Chongyoon arising from the Reorganization.

(c) Nature and purpose of reserves

(i) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(ii) *Other reserve*

Other reserve comprises (i) the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 17(ii) and Note 17(iii)), (ii) merger reserve which resulted from business combinations in 2018-2020 involving entities under common control, (iii) deemed contribution from controlling shareholder arising from the Reorganization (see Note 27(b)) and (iv) the differences between consideration paid and non-controlling interests acquired.

(iii) *Statutory reserve*

The statutory reserve, where in accordance with the PRC regulations and the articles of association of the companies now comprising the Group, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year’s losses as determined under relevant PRC accounting standards to the statutory reserve fund. When the balance of such reserve reaches 50% of each company’s share capital, any further appropriation is optional.

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(d) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for the shareholder, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the director’s fiduciary duties towards the Group or the requirements of the Hong Kong Companies Ordinance.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

(e) Dividends

No dividends have been declared or paid by the Company to its equity shareholders during the Relevant Period.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, currency and fair value risks arises in the normal course of the Group’s business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables, other receivables and other financial assets measured at amortized cost. The Group’s exposure to credit risk arising from cash at bank is limited because the counterparties are banks with good credit standing, for which the Group considers having low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group has a concentration of credit risk of the total trade receivables due from the Group’s largest debtor and the five largest debtors as follows:

	As at December 31,		
	2023	2024	2025
Due from			
– largest trade debtor	20%	17%	29%
– five largest trade debtors	60%	24%	55%

For the receivables from supplying pharmaceuticals, the Group has granted credit terms of two months and would follow up actively on the settlement with respective counterparties to avoid any overdue receivables.

The Group has performed an impairment analysis at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on aging of trade receivables. The calculation reflects the historical credit losses experienced and reasonable and supportable information that is available at the year end date about past events, current conditions and forecasts of future economic conditions.

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The following tables provides information about the Group’s exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2023		
	Gross carrying amount	Expected loss rate	Loss allowance
	\$	%	\$
Within 3 months	50,333,209	1.38%	696,094
More than 3 months but less than 6 months	8,442,431	0.30%	25,527
More than 6 months but less than 9 months	758,760	1.34%	10,183
More than 9 months but less than 12 months	523,367	4.32%	22,607
More than 12 months	74,379	8.60%	6,399
	<u>60,132,146</u>		<u>760,810</u>

	As at December 31, 2024		
	Gross carrying amount	Expected loss rate	Loss allowance
	\$	%	\$
Within 3 months	56,621,458	0.40%	226,975
More than 3 months but less than 6 months	5,559,655	2.44%	135,719
More than 6 months but less than 9 months	17,176,230	3.13%	536,942
More than 9 months but less than 12 months	7,531,718	8.38%	630,802
More than 12 months	5,147,305	20.14%	1,036,913
	<u>92,036,366</u>		<u>2,567,351</u>

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	As at December 31, 2025		
	Gross carrying amount	Expected loss rate	Loss allowance
	\$	%	\$
Within 3 months	126,180,145	0.39%	485,258
More than 3 months but less than 6 months	37,578,974	0.53%	200,508
More than 6 months but less than 9 months	20,999,279	1.93%	405,629
More than 9 months but less than 12 months	1,392,571	19.48%	271,240
More than 12 months	2,219,559	21.12%	467,811
	<u>188,370,528</u>		<u>1,830,446</u>

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

The movement in loss allowance for trade receivables is as follows:

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Balance at January 1	433,401	760,810	2,567,351
Impairment losses recognized/(reversed)	355,802	1,861,097	(953,605)
Amount written off	(7,679)	—	—
Exchange adjustment	(20,714)	(54,556)	216,700
Balance at December 31	<u>760,810</u>	<u>2,567,351</u>	<u>1,830,446</u>

Other receivables and other financial assets measured at amortized cost

In respect of other receivables and other financial assets measured at amortized cost, the Group has assessed that the expected credit loss for these receivables is immaterial under 12-month expected losses method.

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(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date on which the Group can be required to pay:

As at December 31, 2023						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$	\$
Trade and other payables	58,275,379	–	–	–	58,275,379	58,275,379
Bank and other borrowings	42,224,185	–	1,515,312	–	43,739,497	42,564,080
Lease liabilities	3,196,076	2,161,524	2,599,061	–	7,956,661	7,436,272
	<u>103,695,640</u>	<u>2,161,524</u>	<u>4,114,373</u>	<u>–</u>	<u>109,971,537</u>	<u>108,275,731</u>

As at December 31, 2024						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	\$	\$	\$			
Trade and other payables	72,097,791	–	–	–	72,097,791	72,097,791
Bank and other borrowings	43,521,030	1,430,047	–	–	44,951,077	44,628,425
Lease liabilities	1,643,699	1,504,257	2,000,441	–	5,148,397	4,717,362
	<u>117,262,520</u>	<u>2,934,304</u>	<u>2,000,441</u>	<u>–</u>	<u>122,197,265</u>	<u>121,443,578</u>

As at December 31, 2025						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	\$	\$	\$			
Trade and other payables	122,698,418	–	–	–	122,698,418	122,698,418
Bank and other borrowings	49,443,640	205,063	68,354	–	49,717,057	48,882,443
Lease liabilities	1,796,440	2,869,066	16,808	–	4,682,314	4,444,422
	<u>173,938,498</u>	<u>3,074,129</u>	<u>85,162</u>	<u>–</u>	<u>177,097,789</u>	<u>176,025,283</u>

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(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from bank loans, lease liabilities, loans from related parties and loans from third parties. Bank loan, loans from related parties and loans from third parties issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group’s interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group’s borrowings at the end of each reporting period:

	As at December 31,					
	2023		2024		2025	
	Effective interest rate		Effective interest rate		Effective interest rate	
	%	\$	%	\$	%	\$
Fixed rate borrowings:						
Lease Liabilities	4.45% ~ 4.90%	7,436,272	4.45% ~ 4.90%	4,717,362	4.45% ~ 4.90%	4,444,422
Bank loans	3.50%~5.20%	7,100,560	3.05%~5.33%	13,601,419	1.70%~3.20%	19,312,734
Loans from related parties	3.00%~6.50%	8,973,910	3.00%~4.60%	2,033,049	3.00%~4.60%	1,115,348
Loans from third parties	–	–	2.50%~4.60%	504,493	–	–
		<u>23,510,742</u>		<u>20,856,323</u>		<u>24,872,504</u>
Variable rate borrowings:						
Bank loans	1.20%~3.70%	26,489,610	1.20%~3.05%	28,489,464	2.85%~2.95%	28,454,361
Total borrowings		<u>50,000,352</u>		<u>49,345,787</u>		<u>53,326,865</u>
Fixed rate borrowings as a percentage of total borrowings		<u>47.02%</u>		<u>42.27%</u>		<u>46.64</u>

(ii) Sensitivity analysis

At December 31, 2023, 2024, and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group’s profit after tax and retained earnings by \$198,672, \$213,671 and \$213,408, respectively.

The sensitivity analysis above indicates the impact on the Group’s profit for the year and retained earnings/accumulated losses based on the estimated annualized impact on interest expense or income of such a change in interest rates on floating rate non-derivative instruments held by the Group at the end of each reporting period. The analysis has been performed on the same basis during the Relevant Period.

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(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Korea Won (“**KRW**”), Euro Dollars (“**EUR**”) and RMB.

(i) Exposure to currency risk

The following table details the Group’s exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date. Differences resulting from the translation of the consolidated financial statements of foreign operations into the Group’s presentation currency are excluded.

	As at December 31, 2023		
	KRW	EUR	RMB
Cash and cash equivalents	1,772,059	685,626	34,168,744
Trade and other receivables	2,666,103	7,529,041	31,497,669
Trade and other payables	(12,472,144)	(1,175,308)	(33,690,805)
Net exposure to currency risk	(8,033,982)	7,039,359	31,975,608

	As at December 31, 2024		
	KRW	EUR	RMB
Cash and cash equivalents	2,378,884	409,466	11,650,228
Trade and other receivables	5,398,515	6,714,551	77,991,518
Trade and other payables	(14,159,112)	(850,007)	(62,094,080)
Net exposure to currency risk	(6,381,713)	6,274,010	27,547,666

	As at December 31, 2025		
	KRW	EUR	RMB
Cash and cash equivalents	1,178,692	235,591	3,563,567
Trade and other receivables	6,025,615	6,738,486	183,668,287
Trade and other payables	(623,394)	(423,513)	(112,513,717)
Net exposure to currency risk	6,580,913	6,550,564	74,718,137

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(ii) Sensitivity analysis

The following table indicates the instantaneous change on the Group’s profit after taxation that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	2023		As at December 31, 2024		2025	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation \$	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation \$	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation \$
KRW	10%	(602,549)	10%	(478,628)	10%	493,568
	-10%	602,549	-10%	478,628	-10%	(493,568)
EUR	10%	527,952	10%	470,551	10%	491,292
	-10%	(527,952)	-10%	(470,551)	-10%	(491,292)
RMB	10%	2,398,171	10%	2,066,075	10%	5,603,860
	-10%	(2,398,171)	-10%	(2,066,075)	-10%	(5,603,860)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the end of each reporting period. The analysis is performed on the same basis throughout the Relevant Period.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held by the Group that are classified as financial assets measured at FVOCI.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of financial assets measured at FVOCI at the end of each reporting period as follows:

	As at December 31,		
	2023	2024	2025
	Effect on equity \$	Effect on equity \$	Effect on equity \$
Change in the relevant equity price risk variable:			
Increase	10%	260,047	386,165
Decrease	10%	(260,047)	(386,165)
			662,997
			(662,997)

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(f) *Fair value measurement*

(i) *Assets measured at fair value*

Fair value hierarchy

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

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

	Fair value at December 31, 2023 \$	Fair value measurements as at December 31, 2023 categorized into		
		Level 1	Level 2	Level 3

**Recurring fair value
measurements**

Assets:

Investment in a private company	3,114,339	–	–	3,114,339
Unlisted convertible bonds	2,335,506	–	–	2,335,506

	Fair value at December 31, 2024 \$	Fair value measurements as at December 31, 2024 categorized into		
		Level 1	Level 2	Level 3

**Recurring fair value
measurements**

Assets:

Listed equity securities	4,624,733	4,624,733	–	–
Unlisted convertible bonds	2,060,730	–	–	2,060,730

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	Fair value at December 31 2025 \$	Fair value measurements as at December 31, 2025 categorized into		
		Level 1	Level 2	Level 3
Recurring fair value measurements				
<i>Assets:</i>				
Listed equity securities	7,940,081	7,940,081	—	—
Unlisted convertible bonds	2,074,437	—	—	2,074,437

During the Relevant Period, there were no transfers between Level 1, Level 2 and Level 3. The Group’s policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 3 fair value measurements.

The fair value of the investment in a private company designated as at FVOCI are determined by recent transaction of the entity’s own securities. As at December 31, 2023, it is estimated that with all other variables held constant, an increase/decrease in the value of recent transaction by 1% would have increased/decreased the Group’s other comprehensive income by \$23,358.

Investment in non-guaranteed convertible bonds designated as at FVPL are estimated based on the amount that the Group would receive at the end of the reporting period, taking into account current market interest rates with similar risk profile. As at December 31, 2023, 2024, and 2025, it is estimated that with all other variables held constant, an increase/ decrease in its fair value by 1% would have increased/decreased the Group’s profit by \$23,355, \$20,607 and \$20,744.

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group’s financial instruments carried at amortized cost are not materially different from their fair values at the end of each reporting period.

29. COMMITMENT

The Group had the following contractual commitments as the end of each reporting period:

	As at December 31,		
	2023 \$	2024 \$	2025 \$
Contracted for acquisition of property, plant and equipment and other non-current assets	7,932,158	7,985,190	3,294,107

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30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Name and relationships with related parties are as follows:

Name of related parties	Relationship with the Group
Mr. Lim Chongyoon	Ultimate controlling shareholder
Derama Global Co., Ltd.	Associate of the Group
Beijing Diavis Biotechnology Co., Ltd.	Entity significantly influenced by Mr. Lim Chongyoon
Dx & Vx Co., Ltd.	Entity significantly influenced by Mr. Lim Chongyoon
Beijing Leye Information Consulting Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
Meditation With a Pencil Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
Hanmi Science Co., Ltd. (Note (i))	Entity of which Mr. Lim Chongyoon is a key management personnel
Beijing Hanmi Pharmaceutical Co., Ltd.	A subsidiary of Hanmi Science Co., Ltd.; entity of which Mr. Lim Chongyoon is a key management personnel
Hanmi Pharmaceutical Co., Ltd. (Note (i))	A subsidiary of Hanmi Science Co., Ltd.; entity of which Mr. Lim Chongyoon is a key management personnel
Beijing Hanmi IT CO., Ltd.	A subsidiary of Hanmi Science Co., Ltd.; entity of which Mr. Lim Chongyoon is a key management personnel
Angel International Travel Services (Beijing) Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
Sincere International Exhibition (Beijing) Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
HMG Korea Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
Beijing Hanmi Biotechnology Co., Ltd.	Entity controlled by Mr. Lim Chongyoon
Coree Pohang Co., Ltd. (Note (ii))	Entity controlled by Mr. Lim Chongyoon
Machang Music & Pictures Co., Ltd. (Note (ii))	Entity controlled by Mr. Lim Chongyoon

Notes:

- (i) Mr. Lim Chongyoon resigned from the position of the president and director of Hanmi Science Co., Ltd. and Hanmi Pharmaceutical Co., Ltd. effective in February 2025. No related party relationship between the Group and Hanmi Science Co., Ltd. and Hanmi Pharmaceutical Co., Ltd. thereafter.
- (ii) As disclosed in Note 27(b), Machang Music & Pictures Co., Ltd. and Coree Pohang Co., Ltd. were disposed of to Mr. Lim Chongyoon in July and August 2025 respectively, and ceased to be the subsidiaries of the Group since then.

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(b) Key management personnel remuneration

The directors and the chief executive officer are considered to be the key management personnel of the Group. For the remuneration of key management personnel, please refer to Note 8.

(c) Material related party transactions

	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Service income			
Beijing Hanmi Pharmaceutical Co., Ltd.	3,345,641	4,086,827	2,926,642
Beijing Diavis Biotechnology Co., Ltd	322,062	429,225	146,157
Dx & Vx Co., Ltd.	860,327	175,801	250,000
Beijing Hanmi IT Co., Ltd.	78,377	—	—
Consulting fee income			
Beijing Hanmi Pharmaceutical Co., Ltd.	25,479,301	12,397,843	—
Service fee expenses			
Beijing Diavis Biotechnology Co., Ltd	3,907,476	2,932,866	—
Dx & Vx Co., Ltd.	2,532,947	—	10,101
Beijing Hanmi IT Co., Ltd	2,661,840	2,521,405	3,076,753
Angel International Travel Services (Beijing) Co., Ltd.	2,224,002	1,872,883	1,504,666
Sincere International Exhibition (Beijing) Co., Ltd	917,258	349,475	39,163
Beijing Leye Information Consulting Co., Ltd	1,774,180	1,168,625	595,502
Meditation with a pencil Co., Ltd	—	—	205,332
Sales of products			
Beijing Hanmi Pharmaceutical Co., Ltd.	1,408,275	575,082	1,596,599
Beijing Diavis Biotechnology Co., Ltd	—	96,498	—
Dx & Vx Co., Ltd.	—	676,188	744,263
Beijing Hanmi IT Co., Ltd.	—	346	24,158
Sincere International Exhibition (Beijing) Co., Ltd	18,484	—	—

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	Year ended December 31,		
	2023	2024	2025
	\$	\$	\$
Purchases of products			
Beijing Hanmi Pharmaceutical Co., Ltd.	136,185,255	107,950,461	109,203,784
Beijing Diavis Biotechnology Co., Ltd.	1,939,076	2,618,690	1,705,939
Dx & Vx Co., Ltd.	3,514,660	91,968	445,723
Hanmi Pharmaceutical Co., Ltd.	2,128,769	2,073,818	–
Beijing Hanmi IT Co., Ltd.	250,670	–	–
Interest income			
Beijing Diavis Biotechnology Co., Ltd.	–	6,413	–
Dx & Vx Co., Ltd.	–	1,086,533	1,325,587
Meditation with a pencil Co., Ltd.	–	14,522	31,062
Mr. Lim Chongyoon	–	–	11,099
Derama Global Co., Ltd.	–	–	127,109
HMG Korea Co., Ltd	–	–	4,626
Coree Pohang Co., Ltd.	–	–	124,825
Machang Music & Pictures Co., Ltd.	–	–	56,151
Interest expense			
Mr. Lim Chongyoon	196,832	44,859	–
Beijing Diavis Biotechnology Co., Ltd.	–	8,351	19,048
Beijing Hanmi IT Co., Ltd.	–	12,132	12,027
Beijing Leye Information Consulting Co., Ltd.	–	6,030	7,749
Derama Global Co., Ltd.	–	–	25,571
Royalty fee expense			
Beijing Diavis Biotechnology Co., Ltd.	36,380	253,959	317,913
Rental expense			
Beijing Hanmi Pharmaceutical Co., Ltd.	8,636	8,579	7,896
Hanmi Science Co., Ltd.	44,058	42,269	–
Dx & Vx Co., Ltd.	–	–	9,647

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(d) Balances with related parties

	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Trade related:			
Trade receivables			
Dx & Vx Co., Ltd.	134,591	–	–
HMG Korea Co., Ltd.	190,565	179,795	201,200
Beijing Hanmi Pharmaceutical Co., Ltd.	88,949	–	–
Trade payables			
Beijing Hanmi Pharmaceutical Co., Ltd.	26,687,685	41,261,627	87,135,401
Beijing Diavis Biotechnology Co., Ltd.	–	1,145,318	509,723
Dx & Vx Co., Ltd.	–	19,536	19,979
Beijing Hanmi IT Co., Ltd.	–	115,411	118,032
Beijing Leye Information Consulting Co., Ltd.	–	154,749	158,263
Contract liabilities			
Beijing Diavis Biotechnology Co., Ltd.	–	11,680	206,775
Prepayments			
Angel International Travel Services (Beijing) Co., Ltd.	28,238	13,911	14,227
Dx & Vx Co., Ltd.	–	10,177	–
Other payables			
Beijing Hanmi IT Co., Ltd.	48,868	154,160	288,441
Angel International Travel Services (Beijing) Co., Ltd.	9,432	23,171	34,985
Beijing Diavis Biotechnology Co., Ltd.	–	730,908	1,290,503
Beijing Hanmi Pharmaceutical Co., Ltd.	786	474,353	–
Hanmi Pharmaceutical Co., Ltd.	–	12,019	–
Beijing Leye Information Consulting Co., Ltd.	–	433,215	55,486
Other receivables			
Angel International Travel Services (Beijing) Co., Ltd.	633,715	673,373	373,181
Sincere International Exhibition (Beijing) Co., Ltd.	–	14	–
Non-trade related:			
Other receivables			
Meditation with a pencil Co., Ltd.	129,184	761,157	731,580
Dx & Vx Co., Ltd.	–	411,919	–
Mr. Lim Chongyoon	329,643	329,643	329,643
Derama Global Co., Ltd.	–	–	163,125
HMG Korea Co., Ltd.	137,795	73,498	77,233
Coree Pohang Co., Ltd.	–	–	5,631,477
Machang Music & Pictures Co., Ltd.	–	–	3,816,968

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	As at December 31,		
	2023	2024	2025
	\$	\$	\$
Other financial asset			
Dx & Vx Co., Ltd.	–	19,002,836	19,434,355
Other borrowings			
Mr. Lim Chongyoon	8,567,286	–	–
Derama Global Co., Ltd.	–	584,000	588,437
Dx & Vx Co., Ltd.	–	417,339	–
Beijing Hanmi IT Co., Ltd.	406,624	400,645	409,743
Beijing Leye Information Consulting Co., Ltd.	–	208,670	–
Beijing Diavis Biotechnology Co., Ltd.	–	422,395	–
Coree Pohang Co., Ltd.	–	–	117,168

The Group intends to settle the outstanding non-trade related balances prior to [REDACTED].

31. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at December 31, 2025, the directors consider the immediate and ultimate controlling shareholder of the Group to be Mr. Lim Chongyoon.

32. ACQUISITION OF COREE MEDICARE CO., LTD.

In May 2023, the Company acquired 100% equity interest in Hubei Kaihe Pharmaceutical Co., Ltd. (湖北開合醫藥有限公司) at a cash consideration payment of RMB4,000,000 and it was renamed as Coree Medicare Co., Ltd. Coree Medicare Co., Ltd. is principally engaged in pharmaceutical business in the PRC.

The acquisition was completed on May 4, 2023 and Coree Medicare Co., Ltd. became a subsidiary of the Group. Its financial results have been consolidated into the financial statements of the Group after the acquisition.

The fair values of the identifiable assets and liabilities of the Coree Medicare Co., Ltd. as at the date of acquisition are set out as follows:

	\$
Current assets	961
Current liability	(608)
Net identifiable assets acquired	353

Since the acquisition, the subsidiary contributed revenue of \$108,375,439 and profit of \$28,329,897 to the Group’s results for the year ended December 31, 2023.

If the acquisition had occurred on January 1, 2023, consolidated revenue and profit of the Group for the year ended December 31, 2023 would have been \$350,401,625 and \$24,768,716 respectively.

The following pre-acquisition financial information of Coree Medicare Co., Ltd. from the beginning of the Relevant Period to the date of acquisition is disclosed below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of the Historical Financial Information.

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Statement of profit or loss:

	For the period from January 1, 2023 to May 4, 2023 \$
Revenue	29,984
Costs of sales	(28,655)
Gross profit	1,329
Administrative expenses	(553)
Selling and marketing expenses	(415)
Profit before taxation	361
Income tax	—
Profit for the period	361

Statement of financial position:

	As at May 4, 2023 \$
Current asset	
Trade and other receivables	961
Current liability	
Trade and other payables	(608)
Net current assets	353
CAPITAL AND RESERVES	
Share capital	—
Reserves	(353)
TOTAL DEFICIT	(353)

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Statement of changes in equity:

	Share capital	Exchange reserve	Retained earning	Total
	\$	\$	\$	\$
Balance at January 1, 2023	–	–	–	–
Profit for the period	–	–	361	361
Other comprehensive loss	–	(8)	–	(8)
Balance at May 4, 2023	<u>–</u>	<u>(8)</u>	<u>361</u>	<u>353</u>

Cash flow statement:

	For the period from January 1, 2023 to May 4, 2023 \$
Profit before taxation	361
Adjustments for:	
Increase in trade and other receivables	(961)
Increase of trade and other payables	608
Net increase in cash and cash equivalents	8
Cash and cash equivalents at the beginning of the period	
Effect of foreign exchange rate changes, net	(8)
Cash and cash equivalents at the end of the period	

(a) Revenue

	For the period from January 1, 2023 to May 4, 2023 \$
Sale of goods	29,984

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(b) Profit before taxation

**For the period
from January 1,
2023 to
May 4, 2023**
\$

Cost of inventories 28,655

(c) Trade receivables and other receivables

**As at
May 4,
2023**
\$

Prepayments for purchase of goods 961

(d) Trade payables and other payables

**As at
May 4,
2023**
\$

Payables for other taxes 608

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2025

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2025 and which have not been adopted in the Historical Financial Information.

**Effective for
accounting periods
beginning on or
after**

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity* January 1, 2026

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments* January 1, 2026

Annual improvements to HKFRS Accounting Standards – Volume 11 January 1, 2026

HKFRS 18, *Presentation and disclosure in financial statements* January 1, 2027

HKFRS 19, *Subsidiaries without public accountability: disclosures* January 1, 2027

Amendments to HKAS21, *Translation to a hyperinflationary presentation currency* January 1, 2027

Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture* To be determined

APPENDIX I

ACCOUNTANTS’ REPORT

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

34. SUBSEQUENT EVENTS

[There were no material subsequent events after December 31, 2025 and up to date of this report.]

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2025.