

The cover art features a central glowing blue sphere containing a DNA double helix and a human silhouette. This sphere is connected to four other spheres: one with a human silhouette, one with laboratory glassware, one with a microscope, and one with a cell-like structure. The background is a light blue gradient with abstract molecular and circuit-like patterns.

2025
ANNUAL REPORT



中生北控生物科技股份有限公司
BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION
(Incorporated in the People's Republic of China with limited liability) (Stock Code : 8247)

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This report, for which the directors (the "Directors") of Biosino Bio-Technology and Science Incorporation (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

PRC OFFICE

No. 27 Chaoqian Road
Science and Technology Industrial Park
Changping District
Beijing, PRC

HONG KONG OFFICE

66th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

WEBSITE

<http://www.zhongsheng.com.cn>

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Peng (*Chairman and President*)
(*appointed as the Chairman on 9 February 2026*)
Mr. Li Zhonghua (*Vice Chairman*)
(*re-designated from a non-executive Director and*
appointed as a Vice Chairman on 30 May 2025)
Mr. Chen Zhengyong (*appointed as the Chairman on*
30 May 2025 and ceased to be the Chairman on
9 February 2026)
Mr. Wu Lebin (*removed as the Chairman on 30 May 2025*
and removed as a Director on 15 July 2025)

Non-executive Directors

Ms. Kang Rui (*appointed on 9 February 2026*)
Mr. Yang Peng (*retired on 9 February 2026*)
Dr. Gao Guangxia (*retired on 9 February 2026*)
Dr. Shen Sheng (*appointed on 15 July 2025 and*
retired on 9 February 2026)

Independent Non-executive Directors

Prof. Shen Jiangang
Mr. Fan Xiaoliang (*appointed on 15 July 2025*)
Prof. Jin Tengchuan (*appointed on 9 February 2026*)
Mr. Lu Qi (*resigned on 15 July 2025*)
Prof. Shen Zuojun (*retired on 9 February 2026*)
Dr. He Xin (*retired on 9 February 2026*)

SUPERVISORS

Dr. Shen Sheng
Ms. Ren Junhe
Mr. Fan Hua

Note: The abolishment of the Supervisory Committee took effect on 30 May 2025. For details, please refer to the circular of the Company dated 7 May 2025 and the announcement of the Company dated 30 May 2025.

AUDIT COMMITTEE

Mr. Lu Qi (*Chairman*) (*resigned on 15 July 2025*)
Mr. Fan Xiaoliang (*Chairman*) (*appointed on 15 July 2025*)
Prof. Jin Tengchuan (*appointed on 9 February 2026*)
Prof. Shen Jiangang
Prof. Shen Zuojun (*retired on 9 February 2026*)
Dr. He Xin (*retired on 9 February 2026*)

REMUNERATION COMMITTEE

Prof. Shen Zuojun (*Chairman*) (*retired on 9 February 2026*)
Prof. Shen Jiangang (*Chairman*)
(*appointed as the Chairman on 9 February 2026*)
Prof. Jin Tengchuan (*appointed on 9 February 2026*)
Mr. Fan Xiaoliang (*appointed on 9 February 2026*)
Mr. Lu Qi (*resigned on 15 July 2025*)
Dr. He Xin (*retired on 9 February 2026*)

CORPORATE INFORMATION

NOMINATION COMMITTEE

Mr. Lu Qi (*Chairman*) (*resigned on 15 July 2025*)
 Mr. Chen Zhengyong (*Chairman*)
*(appointed on 15 July 2025 and ceased to be the
 Chairman on 9 February 2026)*
 Prof. Jin Tengchuan (*Chairman*)
(appointed on 9 February 2026)
 Prof. Shen Jiangang
 Mr. Fan Xiaoliang (*appointed on 9 February 2026*)
 Mr. Wu Lebin (*ceased to act on 15 July 2025*)
 Prof. Shen Zuojun (*retired on 9 February 2026*)
 Dr. He Xin (*retired on 9 February 2026*)

CHIEF EXECUTIVE

Mr. Chen Peng (*President*)

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric *CPA, CPA (U.S.)*

ACCOUNTANT

Mr. Cheng King Yin *CPA, CFA*

AUTHORISED REPRESENTATIVES

Mr. Chen Zhengyong (*appointed on 15 July 2025*)
 Mr. Tung Woon Cheung Eric
 Mr. Wu Lebin (*ceased to act on 15 July 2025*)

AUDITORS

BDO Limited

LEGAL ADVISERS

As to Hong Kong law
 Loong & Yeung Solicitors

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 17F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

PRINCIPAL BANKERS

Bank of Beijing
 Agricultural Bank of China Limited
 Bank of China (Hong Kong) Limited
 Industrial Bank Co., Ltd.

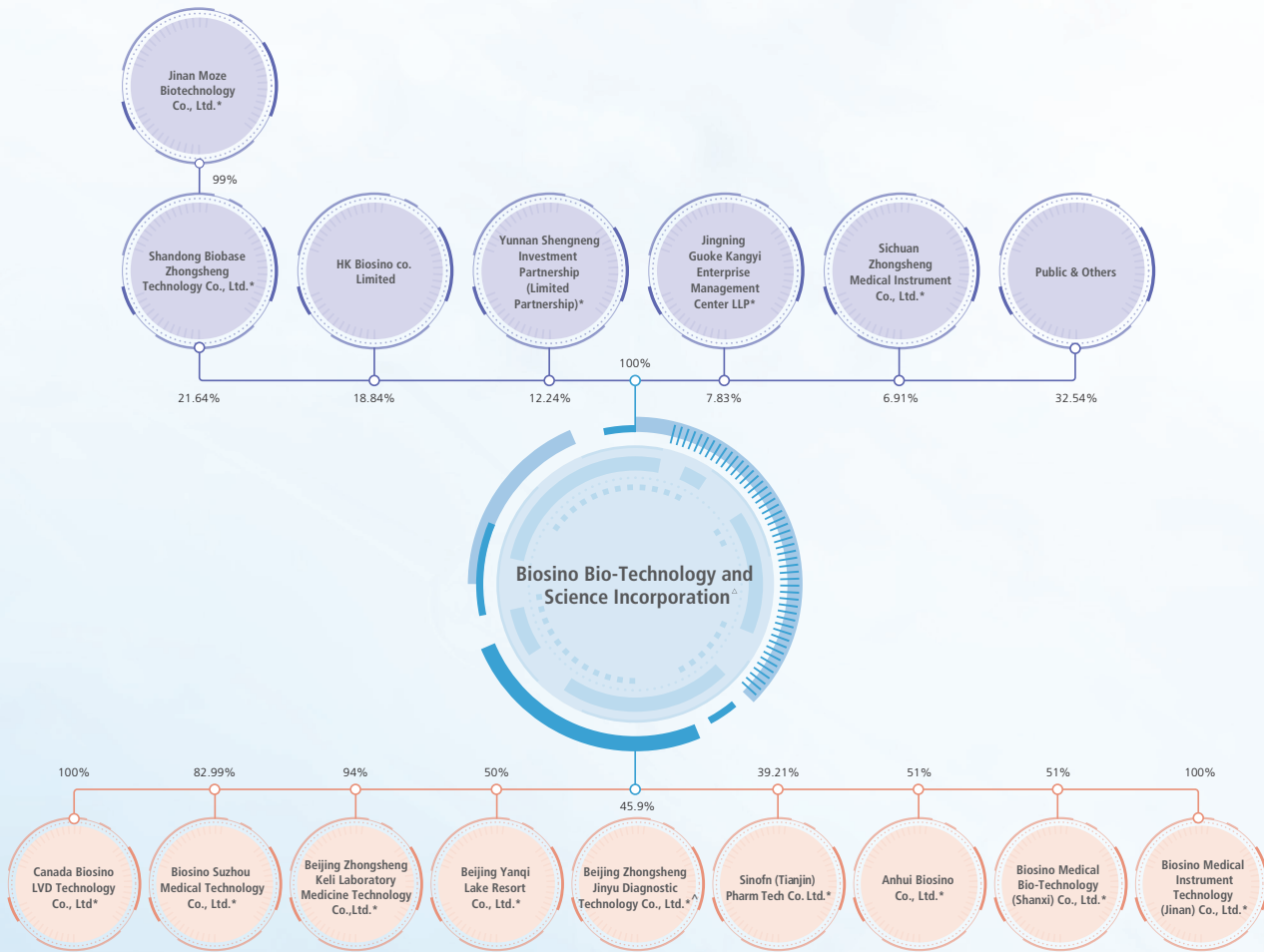
INFORMATION OF H SHARES

Place of listing:	GEM
Stock code:	8247
Number of	
H shares issued:	64,286,143 H shares
Nominal value:	RMB1.00 per H share
Stock short name:	Biosino Bio-Tec

GROUP PROFILE

GROUP STRUCTURE

As at 31 December 2025



* For identification purpose only

△ The H shares of Biosino Bio-Technology and Science Incorporation are listed on GEM of the Stock Exchange

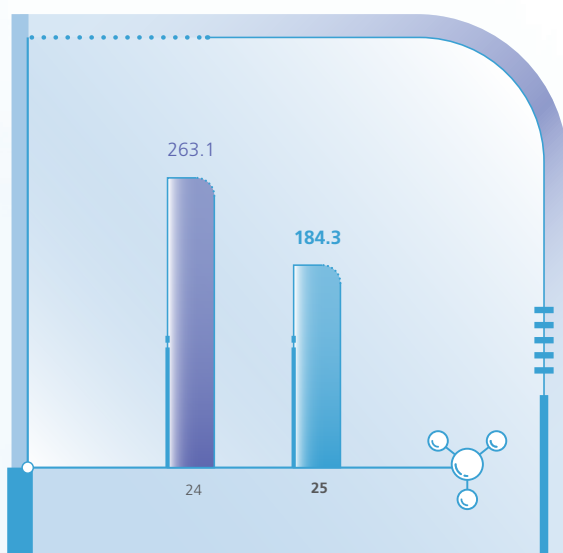
△ The shares of Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. are quoted on the NEEQS (the National Equities Exchange and Quotations System or The New Third Board*)

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2025 (the “Year” or “2025” or the “Reporting Period”) amounted to approximately RMB184.3 million, representing a decrease of approximately 30% from that of last year (the “Previous Year”).
- Loss for the Year amounted to approximately RMB65.0 million as compared to approximately RMB56.9 million of the Previous Year.
- The board of Directors (the “Board”) does not propose to declare any dividend for the Year (2024: nil).

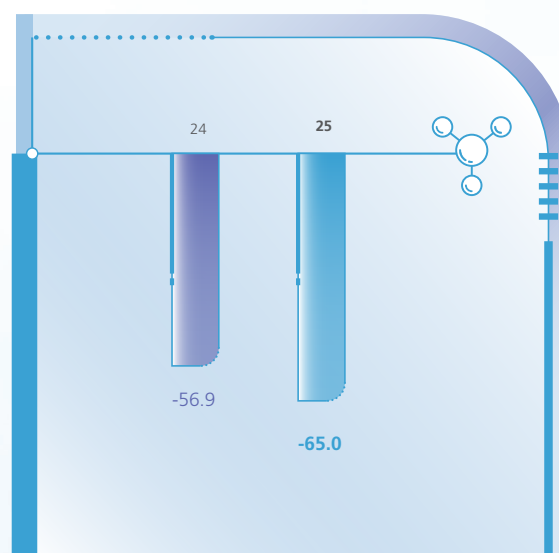
1. REVENUE FOR THE YEAR

(RMB million)



2. LOSS FOR THE YEAR

(RMB million)





CHAIRMAN'S STATEMENT

**FACE CHALLENGES AND FORGE
A NEW PATH AMID CHANGE**



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

It is with great pleasure that, on behalf of the Board, I hereby present to all shareholders of the Company (the "Shareholders") the annual results of the Group for the Year.

DIVIDENDS

Taking into account the Group's financial condition, cash flow and capital requirements, as well as maintaining sustainable business development in the future, the Board does not recommend the payment of any dividend for the Year (2024: Nil).

BUSINESS REVIEW

In 2025, the in-vitro diagnostic ("IVD") industry experienced significant transformation, with accelerating change, intensifying industry consolidation, and market competition entering a new phase. Amid these challenges, new opportunities have also emerged. In response to the changes in the industry, all colleagues of the Company have delivered a determined response, embracing the mindset of "expanding boundaries and pursuing innovation", confronting difficulties with courage and resolve, and striving to achieve breakthroughs in a rapidly evolving environment through proactive efforts. For the Company, "breaking the deadlock and embracing change" represents the path to survival and future development that we have consistently pursued and implemented. Today, I would like to share with you the strategic positioning of the Company in the new era, as well as our exploration of innovative cooperation models.

Breaking the deadlock: facing challenges head-on and opening a new chapter amid changes

When reflecting on the Company's efforts to break the deadlock, it is worthwhile to revisiting its development history. The three core competitive strengths of the Company at that time may be summarised as follows:

1. Strong backing from state-owned enterprises (as a state-owned holding company);
2. Technological endorsement, with the Chinese Academy of Sciences as a major shareholder; and
3. Listing on GEM of the Stock Exchange.

Returning to the present, we are now in a period characterised by policy changes, accelerated iteration of technologies, intensified market competition and deep restructuring of the global industry chain. As far as IVD enterprises are concerned, they are facing not only the high pressure of medical insurance fee control and centralised procurement, but also the inherent challenges of homogeneous product competition. At the same time, unprecedented opportunities have emerged from the development of the broader healthcare industry, including enhanced national health awareness, the advancement of precision medicine, increased participation of commercial insurance, and cross-border integration.

CHAIRMAN'S STATEMENT

Based on the above current situation or what we refer to “the deadlock”, we have identified “breaking the deadlock” as our key strategic theme. The old saying “new rules cannot be established without breaking old ones” implies that we cannot adhere rigidly to outdated models and paths. The “breaking the deadlock” strategy of the Company stems fundamentally from the transformation of our strategic thinking:

“One body and two wings”: a core strategic framework focusing, on the one hand, on the research and development, transformation and industrialisation of scientific and technological products, and, on the other hand, on the development of application scenarios and sales channels;

“Two-wheel drive”: enhancing the business profit model through intelligent products and innovative services;

“Three-chain linkage”: promoting the integrated development of the innovation chain, industrial chain and capital chain to form an ecological closed-loop layout;

The concepts of “One body and two wings”, “Two-wheel drive” and “Three-chain linkage” integrate the philosophical thoughts of “One creates two, two creates three, and three creates all things” in the Tao Teh King. Under the guidance of the above strategic concepts, we have formulated specific and practical strategies for the business development of the Company in three key areas, with a view to building new future-oriented core competitiveness:

1. *Innovative research and development and technology transfer layout of the Company:*

Research and development have evolved from a model centred on “technology transfer” to “collaborative research and development”, and further towards “leading innovation” within the Company’s internal research and development (“R&D”) system. In addition, we have made forward-looking investments in cutting-edge technologies (such as gene detection, AI-assisted diagnosis, liquid biopsy, rapid testing and home-based self-testing) and in the broader consumer healthcare sector, while consolidating our existing advantages. We strive to achieve the transition from keeping pace with the industry to leading development in precision medicine and the broader healthcare sector. The Company has established three R&D and scientific and technological achievements transformation centers in the Institute of Biophysics, Chinese Academy of Sciences, Institute of Health and Medicine, Hefei Comprehensive National Science Center, Guangzhou Bio Island and other locations. At the same time, it has established school-enterprise cooperation and communication mechanisms with Peking University, Nanchang University, Anhui University of Chinese Medicine, University of Macau and The University of Hong Kong to form a nationwide R&D network. On the one hand, by continuously increasing R&D investment, enriching our product pipeline and strengthening our core technological capabilities, we aim to provide more advanced diagnostic products and healthcare-related products and services to the market. On the other hand, we will strengthen application development, innovation and iteration improvements driven by clinical and customer needs, thereby bringing R&D closer to the market.

CHAIRMAN'S STATEMENT

2. *The Company creates an innovative marketing mode of "Product + Service" two-wheel drive:*

Transitioning from a "product-oriented" approach to a "value- and solution-oriented" model, we have shifted our focus from the R&D and sales of individual products to the entire health management value chain. We provide integrated solutions covering early screening, accurate diagnosis, treatment monitoring, prognosis assessment and health management, thereby creating greater value and enhanced experiences for clinicians, patients and individuals in sub-health conditions.

A. *Strategic expansion into the physiotherapy market*

- (1) Product pipeline: we provide laboratory equipment and products, including biochemical and immunological analysers, flow cytometers and supporting reagents, point-of-care testing ("POCT") products and molecular diagnostic products;
- (2) Innovative service pipeline: our comprehensive clinical laboratory solutions include the development of intelligent laboratories, laboratory information systems (LIS), intelligent management systems for regional clinical laboratory centres, quality control platforms and systems for clinical testing, SPD management systems for clinical laboratories, and the co-establishment of precision medicine laboratories, industry–university–research demonstration centres, and regional clinical laboratory centres. Value-added services include assisting hospitals with grade assessments, supporting the filing of good clinical practice (GCP) qualifications, and providing logistics and property management services for medical institutions in conjunction with Country Garden Services Group.

B. *Consumer healthcare market*

- (1) Product pipeline: in collaboration with Anhui University of Chinese Medicine, we jointly develop, transform and commercialise a series of traditional Chinese medicine products based on the concept of "medicine-food homology". In collaboration with East China Institute of Biotechnology, Peking University, we jointly provide exosomes freeze-dried powder and related products; in collaboration with the International Institute of Food Innovation, Nanchang University, we jointly develop and supply a range of functional foods and special-purpose formula foods (three of which have obtained registration certificates from the State Administration for Market Regulation). We also offer special medical-purpose meals developed by Tianjin Zhongen Pharmaceutical Technology Co., Ltd. (天津中恩醫藥科技公司), a subsidiary of the Company, as well as family self-testing series products from Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd., a subsidiary of the Company (the first company in Beijing to obtain a family self-test registration certificate);
- (2) Innovative service pipeline: a team of scientists led by Professor Nie Jinfu, an expert under the Hundred Talents Program of the Chinese Academy of Sciences, has developed a series of precision medical testing products, including multi-cancer early screening and localisation detection, aging assessment (methylation clock testing), and high-incidence five cancer screening. At present, the joint parties are developing a "healthy digital human" project based on artificial intelligence, which is expected to be introduced to the market in the near future.

CHAIRMAN'S STATEMENT

- (3) The Company has accelerated its deployment in the Belt and Road regions such as Russia, Southeast Asia and Africa, and its brand influence has been continuously enhanced. The Company is gradually becoming a well-recognised brand among international IVD trading partners.

3. Making every effort to build a complementary and win-win innovation ecosystem for the Company

"Breaking the deadlock" aims to achieve mutually beneficial, win-win outcomes. We believe that future competition will increasingly be competition among ecosystems. The Company is committed to serving as an "ecosystem builder" and a "cooperative connector", promoting an innovative cooperation mode of "industry-university-research-application-finance", and implementing the three-chain linkage strategy of "innovation chain, industry chain and capital chain":

- (1) Collaborative innovation between the academic community and the market: leveraging Zhongsheng Keli Laboratory Medicine Technology, the Company has established a specialised academic platform within its system to form joint laboratories and carry out innovative cooperation with scientific research institutions and leading hospitals. Taking frontier clinical challenges as the starting point, we have advanced joint project establishment, collaborative research and development, and the sharing of achievements thereby accelerating the transformation of innovative outcomes from laboratory to market and enhancing relationships with customers. At present, we have established substantive cooperation with the National Cancer Center, the Sichuan Provincial People's Hospital, the First Affiliated Hospital of Nanchang University, the Second Affiliated Hospital of Nanchang University, and the Hefei Cancer Hospital of the Chinese Academy of Sciences.
- (2) Channel platform ecosystem: through equity participation and strategic cooperation, the Company has built a distinctive platform and channel network to bridge the "last mile" between products and end users. We have established subsidiaries in Beijing, Xiamen, Taiyuan, Yantai and Hefei and successively formed companies, such as Guoke Health Institute Industry Group (國科健康院產業集團), Zhongke Jincheng (中科金辰), Zhongsheng Precision Medicine Laboratory (中生精準醫學實驗室), Guoke Health Information Technology (國科健康信息科技), Guoke Traditional Chinese Medicine Technology (國科中醫藥科技), Zhongke Tailing (中科鈦領), Zhongke Weisheng (中科微生), Guoke North Medical Research Institute (國科北醫研究院), covering various segments of the broader healthcare industry. The Company and Beijing Huarun Medical Science and Technology (北京華潤醫療科技) have established an intensive supply chain platform, making use of their respective advantages to build an academic and supply chain demonstration platform in the field of IVD. The Company and Xiaoshou Medical have reached a deep strategic cooperation to help the construction of primary medical care. In particular, with the participation of BIOBASE Group, represented by Mr. Gan Yiwu, as newly introduced strategic, resource-based shareholder, the synergistic effects within the ecosystem are expected to become more pronounced.

CHAIRMAN'S STATEMENT

- (3) Leveraging the power of capital markets, the Company has accelerated its transformation and enhancement of shareholder value. By fully utilising its position as a listed company in Hong Kong, the Company has attracted additional investors, including strategic partners, driven by the continuous improvement of its fundamentals. Relying on investment institutions within its ecosystem, such as Guoke Venture Capital (國科創投), the Company has obtained financial support for the incubation of cutting-edge technology projects, thereby facilitating the effective implementation of its strategic initiatives.

CONCLUSION

Dear partners and friends, it takes courage and wisdom to break the deadlock, and it takes mind and a broad perspective to win together. The Company firmly believes that only by embracing change with an open mind, consolidating core competence with firm investment, and gathering all forces with sincere cooperation, can we achieve sustainable growth, lay a solid foundation for long-term development, and thrive amid the evolving tides of the times.

In 2026, we look forward to working together with our partners and like-minded individuals around the world to break boundaries, explore new frontiers and create shared value. Let's work together to promote the development of big cutting-edge technologies in the broader healthcare sector and support the steady implementation of "Healthy China 2030" initiative, move progress toward the long-term objective of "Healthy China 2035", and pursue the Company's corporate vision of "Beautifying Life with Technology". I wish the Company to go up steadily and go far! I wish you all success and all the best. Thank you!

By order of the Board

Chen Peng
Chairman

Beijing, the PRC
31 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2025 marked a pivotal year for the IVD industry, characterised by both in-depth restructuring and innovative breakthroughs. Against the backdrop of deepened policy reforms, technological iteration and market integration, the industry entered a new stage of development. The Company closely aligned with its annual development theme of “Forging Ahead to Explore New Boundaries, Igniting Vitality for Innovation”, faced industry challenges head-on and seized market opportunities. The Company achieved multiple breakthroughs in strategic cooperation, industrial layout, product R&D and market expansion, while steadily advancing the optimisation of internal management, laying a solid foundation for its long-term high-quality development.

I. EXTERNAL BUSINESS ENVIRONMENT

In 2025, the IVD industry continued to witness the coexistence of escalating competition and developmental upgrading. Policy guidance, technological transformation, market demand and industry integration became deeply intertwined, which not only defined new tracks for the industry but also raised higher requirements for enterprises’ operational capabilities. The industry as a whole is moving towards high-quality, intensive and innovative development.

(I) Policy Aspect: Simultaneous Deepening of Regulation and Targeted Support, with Increasingly Clear Industry Development Boundaries

The centralised procurement policy has been further implemented and advanced. In addition to biochemical diagnostic reagents, exploratory efforts in centralised procurement for niche segments such as immunodiagnosics and molecular diagnostics have been gradually promoted, further optimising the overall price system of the industry. Cost performance has become one of the core competitive strengths of enterprises, forcing the industry to accelerate the phase-out of backward production capacity and driving enterprises with core technologies and compliant operations to move towards the high end of the value chain. The medical insurance cost control policy has been upgraded towards refinement in a more scientific way, and the reform of medical insurance payment methods has put forward higher requirements for the clinical value and economic efficiency of IVD products. Meanwhile, with increased national support for the construction of the primary medical and health care system, various policies were successively issued to encourage high-quality IVD products penetration in the primary market, opening up a stable market growth space for the industry. In addition, the National Medical Products Administration (NMPA) set more stringent standards for the registration, approval and quality management of IVD products, further raising the industry access threshold and benefiting leading enterprises in integrating market resources.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Competitive Landscape: Accelerated Industry Integration, with Comprehensive Strength and Differentiation as the Core of Competition

The pace of market integration in the IVD industry further quickened in 2025. Large enterprises realised resource integration and scale expansion through strategic mergers and acquisitions and in-depth strategic cooperation, while small enterprises focused on niche tracks to pursue differentiated development. Despite persistently fierce competition among domestic enterprises in the mid-to-low-end market, leading enterprises have gradually broken through to the high-end market, and the technological gap with internationally renowned enterprises has been continuously narrowed, while international enterprises have further deepened their presence in the Chinese market through localised production and cooperative R&D. Industry competition has shifted from a single product price competition to a comprehensive competition of “technology + products + services + industrial ecology”. At the same time, the cross-field integration trend of the IVD industry with biomedicine, artificial intelligence, big data and other sectors is increasingly prominent, and enterprises with multi-technology integration capabilities and full industry chain layout are more likely to seize market advantages.

(III) Market Demand: Continuous Structural Optimisation, with Primary and Emerging Market Demand as the Dual Growth Engines

After the pandemic, the industrial demand structure gradually returned to normal, with the demand for regular diagnostic products recovering steadily. Moreover, with the improvement of residents’ health awareness, the demand for early cancer screening, chronic disease management, personalised diagnosis and other fields presented a rapid growth trend, becoming a new growth point of the IVD industry. The accelerated aging of the population has driven the continuous rise in demand for diagnostic products for chronic diseases such as diabetes, cardiovascular diseases and tumors, and the market has put forward higher requirements for the accuracy, convenience and integrated solution capabilities of products. In addition, the continuous advancement of the construction of the national primary medical and health care service system rendered primary medical institutions being an important growth point for the demand of IVD products, and the primary market has a strong demand for cost-effective and easy-to-operate IVD products; at the same time, the rapid rise of the consumer medical market has brought brand-new development opportunities for household testing and health management IVD products.

(IV) Technological Trend: Innovation-Driven Industry Upgrading, with Multi-Technology Integration as the Core Development Direction

The pace of technological innovation in the IVD industry continued to accelerate in 2025. The application of AI technology in diagnostic data analysis, product R&D and production management was further deepened, and the industrialisation process of cutting-edge technologies such as microfluidics, gene sequencing and flow cytometry sped up, driving the development of IVD products towards the direction of “higher accuracy, faster speed, greater convenience and more integration”. POCT products, by virtue of their convenience advantages, have been increasingly applied in primary medical care, emergency treatment, family health management and other scenarios, with diagnostic products with multi-target and multi-technology combination forming the mainstream of clinical demand, and technology integration capability being the core competitiveness of enterprise R&D.

MANAGEMENT DISCUSSION AND ANALYSIS

II. THE COMPANY'S COUNTER MEASURES

Faced with the complex business environment of the industry in 2025, the Company formulated and implemented a comprehensive set of countermeasures with strategic cooperation as the traction, product innovation as the core, market expansion as the starting point and operation management as the guarantee. These measures have effectively mitigated industry risks, seized market opportunities and helped the Company step into a new phase of business development.

(I) Strategic Cooperation Strategy: Cross-Industry Integration to Achieve Resource Complementarity and Build a Diversified Industrial Ecology

In 2025, the Company accelerated the layout of strategic cooperation, achieved in-depth resource complementarity and value symbiosis with excellent enterprises in the industry, built a diversified and highly synergistic industrial ecology, laying a solid foundation for its scale expansion and track extension.

1. The Company reached an in-depth strategic cooperation with Boke Group (博科集團), ushering in a new chapter of strategic integration with the principle of "Dual-Core Drive, Integration for Long-Term Development". Both parties achieved comprehensive synergy in technological R&D, supply chain integration, market expansion, capital layout and other aspects, set a development target of a market value of RMB20 billion, jointly deepened the IVD field, created an innovative development model driven by both "products + services", and made simultaneous efforts in the two major markets of serious medical care and consumer medical care.
2. The Company entered into a strategic cooperation with CRH (華潤集團). Relying on CRH's core advantages in medical resources, national channel layout and brand influence, etc., the Company promoted the in-depth coverage of its products in medical institutions at all levels, and carried out deep cooperation in supply chain management, integrated medical services and other aspects, comprehensively enhancing its market penetration capability.
3. Based on the development needs of the regional market, the Company established Biosino Medical Biotechnology (Shanxi) Co., Ltd. ("Biosino (Shanxi)") (中生醫療生物科技(山西)有限公司), integrating local medical resources, policy resources and industrial resources to build a regional R&D, production, sales and service center, which promoted the in-depth penetration of its products to the primary market in Northern China, and also accumulated valuable experience for its regional industrial layout nationwide.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Product R&D Strategy: Upholding Fundamental Principles, Pursuing Innovation with Dual-Wheel Drive, and Improving the Full Range of Product Pipeline

Adhering to the product R&D strategy of “Consolidating Traditional Advantages, Breaking Through Cutting-Edge Technologies”, the Company took the continuously increased R&D investment as the guarantee, promoted the dual-wheel drive of traditional product upgrading and new product R&D, constantly improved the full range of IVD product pipeline, thereby enhancing the core competitiveness of products.

1. Consolidating the advantages of traditional products: The Company continuously increased R&D investment in biochemical diagnostic reagents, optimised product formulations and production processes, further improved the stability, accuracy and cost performance of products, and consolidated its market position in the biochemical diagnostics; at the same time, optimised the structure of traditional products in response to the centralised procurement policy, focused on core products with high clinical value and high market demand, and improved the market adaptability of products.
2. Accelerating the R&D of cutting-edge products: The Company focused on advancing the R&D and registration approval of flow cytometry instruments and reagents, chemiluminescent instruments and reagents, and molecular diagnostic products, speeded up the layout of emerging fields such as POCT products and gene sequencing-related products, and relied on cooperation with scientific research institutions and universities to carry out research on cutting-edge technologies such as AI diagnosis and microfluidics, in order to promote the rapid industrialisation of technological achievements and create a new product growth point for the Company.
3. Positioning consumer medical products: Complying with the development trend of the consumer medical market, the Company launched consumer-grade diagnostic products such as early cancer screening, aging assessment and Polygonatum sibiricum series of traditional Chinese medicine drinks, such as the “Yiguanan (一管安)” small panel for early cancer screening, covering more than ten high-incidence cancer types. Relying on the multi-omics combination strategy, it achieved a high detection rate, filling its product gaps in the consumer medical market and opening up a new business track.

(III) Market Promotion Strategy: Exploring New Boundaries to Penetrate the Primary Market, Achieving Dual-Wheel Expansion and Synergetic Development of Domestic and International Markets

With “Exploring New Boundaries” as the core, the Company optimised its market promotion strategy. On the one hand, it promoted the in-depth expansion of the domestic market to new tracks such as primary medical care, private medical care and consumer medical care; on the other hand, it accelerated the layout of the international market, realised the synergetic development of domestic and international markets, and comprehensively improved the market coverage of its products.

MANAGEMENT DISCUSSION AND ANALYSIS

1. In-depth penetration of the domestic market: The Company increased efforts in market expansion for primary medical institutions, built localised sales and service teams relying on regional platforms such as Biosino (Shanxi), and provided cost-effective products and integrated technical services for primary medical institutions; strengthened cooperation with large Grade A tertiary hospitals to promote the clinical application and academic promotion of high-end products; at the same time, expanded market channels such as private hospitals, physical examination centers and third-party testing institutions, and improved the full-scenario layout of the domestic market.
2. Steady expansion of the international market: Building on the achievements of market expansion in Southeast Asia, the Company stepped up efforts in developing emerging markets such as Africa and Latin America, and expanded product export through cooperation with local distributors and the establishment of overseas service centers; at the same time, obtained international certifications such as EU, CE and US FDA for its products to enhance their international recognition and brand influence.
4. Dual improvement of brand and service: The Company actively participated in various industry exhibitions and academic conferences to enhance its brand awareness and industry influence, established a professional and full-process customer service system to provide customers with one-stop services such as instrument maintenance, personnel training and technical support, and formulated personalised solutions for different customer groups to improve customer satisfaction and brand loyalty.

III. REVIEW AND ANALYSIS OF 2025 BUSINESS PERFORMANCE

In 2025, the Company's layout in strategic cooperation, product R&D, market expansion and other areas was gradually implemented, effectively offsetting the pressure brought by industry policies and market competition.

(I) Performance of Business Segments

1. Biochemical diagnostics business: As the Company's traditional core business, the business segment achieved stabilisation and recovery in 2025 against the backdrop of the deepened centralised procurement policy, through product structure optimisation, full-process cost control and in-depth expansion of the primary market. The Company focused on core biochemical diagnostic reagent products, optimised production processes to reduce unit costs and increased efforts in developing the primary market, achieving steady growth in the sales of core products, which effectively offset the impact of product price declines. For high-end biochemical diagnostic reagent products, the corresponding market share in high-end medical institutions steadily increased through technological upgrading, providing an important growth support for this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Immunodiagnostics business: This business segment sustained the growth trend of 2024, becoming the core engine of the Company's revenue growth. As the Company's continuous R&D investment and market promotion in a series of immunodiagnostic products such as tumor markers and infectious diseases were gradually implemented, the clinical value and cost performance of the products were widely recognised by the market, and the market penetration capability in medical institutions at all levels was continuously improved. At the same time, relying on the strategic cooperation with Boke Group, the Company realised the deep integration of the supply chain and channels of immunodiagnostic products, further enhancing the market competitiveness of the products.
3. Emerging business segment: The Company accelerated the cultivation of emerging business segments including flow cytometry instruments and reagents, molecular diagnostic products and POCT products in 2025. Despite a relatively small revenue scale recorded, this segment achieved a significant year-on-year growth with growth potential to be gradually unleashed. Multiple projects for molecular diagnostic products completed clinical trials and entered the registration approval stage, and some products were put into small-scale clinical trials, and consumer medical products such as the "Yiguanan" small panel for early cancer screening attracted high market attention once launched, becoming a new business growth point for the Company.

(II) R&D and Innovation Achievements

In 2025, the Company continued to emphasise R&D investment and achieved fruitful R&D and innovation results, providing a solid guarantee for the improvement of its product pipeline and technological upgrading, and further consolidating its technical strength in the industry.

1. Product registration and approval: The subsidiary Zhongsheng Medical's 4-laser 21-color BioCyteX (Clinical) High-End Flow Cytometer was certified and launched (Anhui Medical Device Registration Certificate No. 20252220150), marking a substantive breakthrough of domestic flow cytometry in cutting-edge fields such as complex optical path design and multi-color fluorescence analysis; the Coronavirus Antigen Test Kit (Colloidal Gold Chromatographic Immunoassay) obtained the NMPA Class III registration certificate (National Medical Device Registration Certificate No. 20253400947), which is an important milestone for Biosino Bio-Tec in the field of rapid diagnosis of infectious disease pathogens; the Calcium Detection Kit (Arsenazo III Method) was approved, which can be matched with most mainstream biochemical analyzers.
2. Patents and technological breakthroughs: The Reference Laboratory of Biosino Bio-Tec was officially accredited by the China National Accreditation Service for Conformity Assessment (CNAS) on 18 March 2025, complying with the requirements of *General Requirements for Testing and Calibration Laboratories* (《檢測和校準實驗室能力的通用要求》) under ISO/IEC 17025:2017 (CNAS-CL01 Accreditation Criteria

MANAGEMENT DISCUSSION AND ANALYSIS

for Testing and Calibration Laboratories (《檢測和校準實驗室能力認可準則》)). The Company obtained 4 invention patents and 1 design patent, adding “hard-core” impetus to high-quality development. The *Expert Consensus on Multi-Cancer Combined Screening Based on Liquid Biopsy Technology (2025 Edition)* (《基於液體活檢技術的多癌種聯合篩查專家共識 (2025版)》) was released, and Professor Nie Jinfu and Professor Hong Bo from the expert team of Zhongke Jinchun, as core members of the consensus compilation expert group, made key contributions to the standardised application of liquid biopsy technology and the promotion of precision in early cancer screening by virtue of their profound accumulation in the field of tumor methylation multi-cancer combined screening.

IV. FUTURE PROSPECTS

2026 is a crucial year for the development of the IVD industry and also a year for the in-depth implementation of the Company’s development strategy of “Forging Ahead to Explore New Boundaries, Igniting Vitality for Innovation”. Driven by technological innovation, market integration and policy support, the industry will usher in new development opportunities, and also face more fierce market competition. Based on the development achievements in 2025, the Company will continue to deepen strategic cooperation, increase R&D investment, expand market space, optimise operation management, promote its core transformation from “scale growth” to “quality growth”, striving to turn losses into profits and creating greater value for shareholders.

(I) Forecast of Industry Development Trends

1. Technological innovation to be the core driver: The integration of cutting-edge technologies such as AI, gene sequencing, microfluidics and single-cell sequencing with the IVD industry will be further deepened, driving the development of products towards the direction of higher accuracy, faster speed, greater convenience and integration, while enterprises with core technological innovation capabilities and technology transformation capabilities will capture the vantage point in the development of the industry.
2. Further intensifying market integration: The resource integration capabilities of leading enterprises in the IVD industry will become more prominent, which will help them realise scale expansion and track extension through mergers and acquisitions, cooperation and other methods. The industry market concentration will continue to increase, at the same time, small and medium-sized enterprises will gradually concentrate on niche tracks, and differentiation will become the key core for the survival of those enterprises.
3. Primary and emerging markets to be the core of growth: The continuous advancement of the construction of the national primary medical and health care system will drive the steady and continuous growth of demand for IVD products in the primary market; at the same time, early cancer screening, chronic disease management, consumer medical care, overseas emerging markets and other fields will become the new core of industry growth, and the market demand structure will be further optimised.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Industrial ecological development to be the mainstream: The IVD industry will shift from single product competition to comprehensive competition of “products + services + ecology”. Enterprises with a full industry chain layout, cross-field synergy capabilities and the ability to provide customers with integrated solutions will be more likely to build industry competition barriers and seize the dominant market position.

(II) The Company's 2026 Development Plan

1. *Continuously deepening strategic cooperation and building industrial ecological advantages*

The Company will further deepen the strategic integration with Boke Group, achieve deeper synergy in capital layout, technological R&D, market expansion and other aspects, accelerate the commercialisation and marketing of joint R&D projects, jointly build an industrial ecological benchmark in the IVD industry, and steadily move towards the market value target of RMB20 billion. Additionally, through deeper cooperation with CRH, relying on the partner's medical resources and channel advantages, it will further improve the market coverage of its products in medical institutions at all levels, and carry out new cooperation in the fields of integrated medical services and health management to expand its business scope. Taking Biosino (Shanxi) as a benchmark, the Company will accelerate the regional industrial layout nationwide, establish more regional subsidiaries or cooperation platforms according to the characteristics of regional market demand, realising refined operation and in-depth coverage of the regional market. It will also actively seek new strategic cooperation and M&A opportunities, focus on enterprises with core technologies in emerging fields such as molecular diagnostics, POCT and gene sequencing, realising the rapid integration of technologies and products through mergers and acquisitions and equity participation, and improving its product pipeline.

2. *Increasing R&D investment and accelerating product innovation and industrialisation*

The Company will accelerate the registration and approval process of chemiluminescent instruments and reagents, and molecular diagnostic products to ensure the smooth launch of a number of core new products in 2026, creating a new revenue growth point; at the same time, promote the R&D and commercialisation of POCT products and gene sequencing-related products to fill its product gaps in emerging fields; continuously increase R&D investment in cutting-edge technologies such as AI diagnosis, microfluidics and single-cell sequencing, strengthen cooperation with scientific research institutions and universities, promoting the rapid industrialisation of technological achievements. Relying on the joint R&D platform with Boke Group, the Company will carry out R&D of multi-technology combination products and enhance the clinical value and market competitiveness of products, with a focus on products with high clinical value, high market demand and high gross profit margin, gradually phasing out backward production capacity. In response to the centralised procurement policy, it will continuously optimise the structure of traditional biochemical diagnostic products and improve the cost performance of products.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Comprehensively expanding the market and realising the synergetic growth of domestic and international markets*

For the domestic market, the Company will deepen the layout at the primary market and expand into emerging markets. Particularly, it will continue to increase efforts in market development for primary medical institutions, build localised sales and service teams relying on regional subsidiaries, providing integrated product and service solutions for the primary market. Emerging markets including private hospitals, physical examination centers, third-party testing institutions and consumer medical care will be further expanded to improve the application scope of the Company's products in various scenarios. In addition, the Company will strengthen cooperation with large Grade A tertiary hospitals to promote the clinical application and academic promotion of high-end products and increase its share in the high-end market. For the international market, efforts will be made to accelerate layout in such markets and enhance international influence; develop emerging overseas markets such as Southeast Asia, Africa and Latin America, expand the Company's product export through cooperation with local distributors, the establishment of overseas service centers and the promotion of international product certification; gradually lay out high-end overseas markets such as Europe and the United States to enhance the international popularity and influence of the Company's products.

4. *Optimising operation management and realising cost reduction, efficiency improvement and risk control*

The Company will constantly promote lean management, further optimise the processes of R&D, production, sales, procurement and other links, promote the upgrading of production automation and intelligence, improve production efficiency and reduce production losses; rely on supply chain integration to further reduce the procurement cost of raw materials, strictly control period expenses to achieve cost reduction and efficiency improvement and further promote the continuous improvement of its profitability; introduce more advanced enterprise resource planning (ERP) systems and customer relationship management (CRM) systems to realise the integrated management of production, sales, inventory, customer and other data and improve the efficiency of management decision-making in a more scientific way; further improve the risk early warning and response mechanism, strengthen the assessment and control of various risks such as policy changes, market competition, R&D failure and overseas markets; strengthen cash flow management to ensure the capital demand for the Company's business development.

5. *Deepening the layout in consumer medical care and creating a new business growth point*

Complying with the development trend of the consumer medical market, the Company will increase R&D and market promotion efforts for consumer-grade diagnostic products, with a focus on promoting the marketing of consumer medical products such as early cancer screening, aging assessment and chronic disease management; build an exclusive brand for consumer medical products, expand consumer medical market channels through an online-offline integrated sales model, improve the consumer medical product service system, and make consumer medical care a new core business growth point for the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) The Company's 2026 Development Goals

In 2026, the Company will strive to achieve growth in operating revenue; maintain a high proportion of R&D investment in operating revenue, and ensure the smooth launch of a number of core new products; further highlight the results of cost control and realise the turnaround from loss to profit in terms of its net profit; further deepen strategic cooperation and regional layout, continuously improve its market position and brand influence in the IVD industry, laying a solid foundation for its long-term high-quality development.

FINANCIAL REVIEW

Operating Revenue

During the Year, the operating revenue was approximately RMB184.3 million, representing a decrease of approximately 29.9% as compared with that of approximately RMB263.1 million for the Previous Year, which was mainly attributable to the impact of the external and temporary factors such as industry policy adjustments, changes in end-user demand, and restructuring pressure within sales channels. As policies have been successively introduced to support the industry, the related adverse effects have been largely subsided, and the likelihood of a sustained and significant adverse impact going forward is considered low.

Gross Profit and Gross Profit Margin

During the Year, the gross profit was approximately RMB70.9 million, representing a decrease of approximately 34.6% as compared with that of approximately RMB108.4 million for the Previous Year and the gross profit margin was approximately 38.5% (2024: approximately 41.2%).

Selling and Distribution Expenses

During the Year, selling and distribution expenses were approximately RMB44.8 million, representing a decrease of approximately 20.3% as compared with that of approximately RMB56.2 million for the Previous Year.

Administrative Expenses

During the Year, administrative expenses were approximately RMB48.5 million, representing a decrease of approximately 3.8% as compared with that of approximately RMB50.4 million for the Previous Year.

R&D Expenses

During the Year, the total R&D expenses amounted to approximately RMB26.8 million, representing a decrease of approximately 19.7% when compared with that of approximately RMB33.4 million for the Previous Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

The finance costs were approximately RMB6.8 million, which decreased by approximately 26.8% when compared with that of approximately RMB9.3 million for the Previous Year, mainly due to the decrease in the overall cost of loans.

Impairment Losses on Financial Assets and Other Assets

During the Year, the Group incurred impairment losses on financial assets of approximately RMB4.8 million (2024: RMB6.5 million) and impairment losses on other assets of approximately RMB4.5 million (2024: RMB13.0 million), which were mainly due to a relatively weak market environment and actual sales performance falling short of expectations.

Loss for the Year

As a result, loss for the Year amounted to approximately RMB65.0 million, as compared to approximately RMB56.9 million for the Previous Year. The increase in loss was mainly attributable to factors such as industry policies, end-user demand, and market environment. Although the Group actively implemented cost reduction and efficiency improvement measures and strictly controlled various cost and expenditures, resulting in a significant decrease in period expenses compared to the same period last year, and a decrease in impairment losses on financial assets and other assets, the impact of the decline in revenue on profitability exceeded the profit improvement brought about by the decrease in costs, expenses, and impairment losses, leading to an increase in losses during the Year as compared to the Previous Year.

Loss Attributable to Owners of the Parent

During the Year, loss attributable to owners of the parent of the Company was approximately RMB51.1 million, as compared to approximately RMB42.5 million for the Previous Year.

PRODUCTION FACILITIES

The Company owns two self-constructed plant complexes, covering a total area of approximately 37.17 mu. Both complexes have passed the examination and acceptance and repair and reconstruction stages and are in normal use. Among which, Plant Complex No.1, with a gross floor area of approximately 11,000 square metres, is mainly used for office, research and development, production of biochemical reagents and other purposes, Plant Complex No.2, with a gross floor area of approximately 5,000 square metres (with five storeys above ground), is mainly used as the production facilities for diagnostic reagents, comprising warehouse, workshops, laboratories and offices. The production facilities of each of its subsidiaries are either leased for use or constructed pursuant to relevant laws and regulations and those facilities currently are all in normal operating conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

During the Year, the change of capital structure of the Company as compared with that of the Previous Year is as follows:

	2025	2024
	RMB'000	RMB'000
Cash and bank balances	43,520	68,213
Short-term loans	151,896	143,665
Long-term loans	8,573	4,556
Net debt	116,949	80,008
Net debt equity ratio	104%	46%

LIQUIDITY AND FINANCIAL POSITION

The Group generally financed its operations with internally generated cash flows, bank and other borrowings and capital contributions from the Shareholders. As at 31 December 2025, the net debt increased by approximately RMB36.9 million year-on-year as compared with that of the Previous Year.

FOREIGN CURRENCY RISK

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some IVD reagent products from overseas countries for resale in the PRC and there are administrative expenses incurred by the Canadian subsidiary. A small amount of cash denominated in Hong Kong dollar ("HK\$") is placed in bank accounts in Hong Kong for payment of miscellaneous expenses such as professional fees incurred in Hong Kong.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2025, certain buildings with a net carrying amount of approximately RMB18.5 million and prepaid land lease payments with a net carrying amount of approximately RMB2.1 million were pledged to Beijing Zhongguancun Guarantee Technology Financing Guarantee Co., Ltd. ("Zhongguancun Guarantee"), which guaranteed the Group's two borrowings. One of the bank borrowings amounted to RMB40 million in principal from Bank of Beijing Co., Ltd. The loans will be due from January to December 2026 with different maturities. The other loans amounted to RMB40.5 million in principal from Industry Bank. The loans will be due from January to December 2026 with different maturities.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, certain machineries with net carrying amounts of approximately RMB1.07 million in total were pledged to third parties to secure loans granted to the Company which amounted to RMB3.69 million in total. The loans will be due in 2027 with different maturities.

As at 31 December 2025, the Group's investment properties with a net carrying amount of approximately RMB17.5 million were mortgaged to Beijing Chenguang Changsheng Financing Guarantee Co., Ltd., which provided guarantees for the Group, to obtain the bank borrowings of RMB10.0 million from Industrial and Commercial Bank of China. The loans will be due in March 2026.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, there was no significant investments held, material acquisitions and disposals of subsidiaries and associates by the Company during the Year. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will seek generic strategic expansions through acquisition(s) of suitable target(s). We are confident in the future and committed to continuous growth of the Company.

EMPLOYEES

On 31 December 2025, the Group had a total of 450 full-time employees (2024: 499 employees) based in Hong Kong and the PRC. Total staff costs of the Group (including remuneration of the Directors and the former supervisors of the Company) for the Year amounted to approximately RMB90.2 million (2024: RMB103 million). The Group determines the emoluments of its staff and the Directors based on their qualifications and experience, performance and market rates, so as to maintain the remuneration of its staff and the Directors at a competitive level. The Group participates in various defined contribution retirement plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of the PRC and Hong Kong. The Board believes that employees are one of the most valuable assets of the Group who contribute significantly to the success of the Group. The Group recognises the importance of training of its staff and hence provides regular training for the Group's staff members to enhance their technical and product knowledge.

Other than the company secretary and the accountant, the remaining employees of the Group are stationed in China.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is committed to high standard of corporate governance with a view to safeguarding the interests of the Shareholders and achieving accountability as the Group recognises the importance of maximising Shareholders' value through effective corporate governance procedures.

CORPORATE GOVERNANCE PRACTICE

The Company had applied the principles and all the applicable code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules during the Reporting Period and up to the date of this report. The Directors will periodically review the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

During the Reporting Period and up to the date of this report, the Company had complied with all the applicable Code Provisions of the CG Code, except for Code Provision C.2.1 and D.2.5 of the CG Code as explained below:

Code Provision C.2.1 states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Chen Peng has served as both the Chairman and the President since 9 February 2026, such practice deviates from Code Provision C.2.1. The Board believes that vesting the roles of both the Chairman and the President in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the Code Provision C.2.1 is appropriate in such circumstance. In addition, the Board, which comprises three executive Directors, one non-executive Director and three independent non-executive Directors, is appropriately structured with the balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Code Provision D.2.5 states that the Company should have an internal audit function. Based on the size and simple operating structure of the Group as well as the internal control processes, the Group decided not to set up an internal audit department for the time being. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the audit committee of the Company. The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

THE BOARD OF DIRECTORS

The Board comprises the following members during the Reporting Period and up to the date of this report:

Executive Directors

Mr. Chen Peng (*Chairman and President*) (*appointed as the Chairman on 9 February 2026*)

Mr. Li Zhonghua (*Vice Chairman*)

(re-designated from a non-executive Director and appointed as a Vice Chairman on 30 May 2025)

Mr. Chen Zhengyong (*appointed as the Chairman on 30 May 2025 and ceased to be the Chairman on 9 February 2026*)

Mr. Wu Lebin (*removed as the Chairman on 30 May 2025 and removed as a Director on 15 July 2025*)

Non-executive Directors

Ms. Kang Rui (*appointed on 9 February 2026*)

Mr. Yang Peng (*retired on 9 February 2026*)

Dr. Gao Guangxia (*retired on 9 February 2026*)

Dr. Shen Sheng (*retired on 9 February 2026*)

Independent Non-executive Directors

Prof. Shen Jiangang

Mr. Fan Xiaoliang (*appointed on 15 July 2025*)

Prof. Jin Tengchuan (*appointed on 9 February 2026*)

Mr. Lu Qi (*resigned on 15 July 2025*)

Prof. Shen Zuojun (*retired on 9 February 2026*)

Dr. He Xin (*retired on 9 February 2026*)

In compliance with Rule 5.02D of the revised GEM Listing Rules, Ms. Kang Rui (appointed as a Director on 9 February 2026), Prof. Jin Tengchuan (appointed as a Director on 9 February 2026) and Mr. Fan Xiaoliang (appointed as a Director on 15 July 2025), obtained the legal advice referred to in the said Rule 5.02D on 2 February 2026, 2 February 2026 and 27 May 2025, respectively, and each of them has confirmed that he/she understood his/her obligations as a Director.

Each of the Directors (including the non-executive Directors and independent non-executive Directors) has entered into a service contract or letter of appointment with the Company for a term of three years, but is subject to retirement by rotation at the Company's annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Board is mainly accountable to the owners of the parent. It is also in charge of the management, business, strategy, annual, interim and quarterly results, risk management, major acquisitions, disposals and capital transactions and other major operational and financial aspects of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures and compliance with relevant statutory requirements, rules and regulations.

CORPORATE GOVERNANCE REPORT

No corporate governance committee has been established and the Board is delegated with the corporate governance functions.

The Board, in carrying out its corporate governance functions, is responsible for (a) developing and reviewing the Company's policies and practices on corporate governance; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) reviewing the Company's compliance with the CG Code and disclosure in this corporate governance report.

Details of backgrounds and qualifications of the Chairman and the other Directors are set out in the Report of the Directors. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience, knowledge and execution ability to hold the position so as to carry out his or her duties effectively and efficiently. There is no relationship among the members of the Board.

During the Reporting Period, Mr. Chen Zhengyong kept a close relationship with all Directors to ensure steady exchange of information with them in the course of operation and decision-making.

The executive Directors are in charge of different areas of duty. They are mainly responsible for the management of the Group's day-to-day operations such as production, operation and financial management, as well as research, technique and international relations of the Company.

All non-executive Directors are independent of the management and are in possession of solid experience in the business of the industry. These non-executive Directors provided significant advice and contribution to the development of the Company during the Reporting Period.

To ensure that independent views and input are available to the Board, the Company has established mechanisms including (i) strengthening the independent non-executive Directors' recruitment process to include criteria such as each candidates' available time commitments and qualification; (ii) reviewing the number of independent non-executive Directors on an annual basis; (iii) performing additional assessment or evaluation of independent non-executive Directors' contribution; and (iv) engage external independent professional advisors to assist performance of directors' duties. The Board reviews the implementation and effectiveness of the above mechanisms on an annual basis.

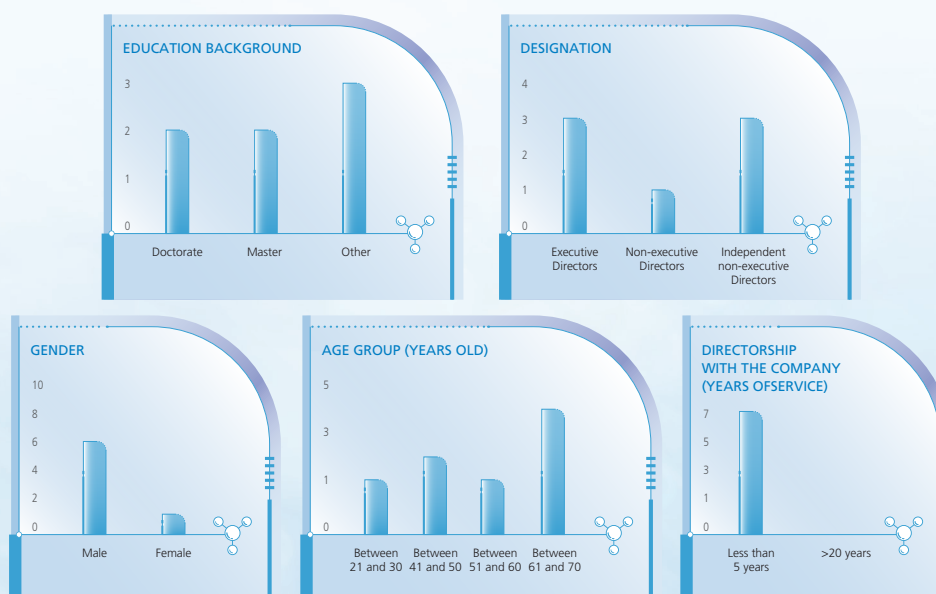
CORPORATE GOVERNANCE REPORT

During the Report Period, the Board performed the following duties:

- (a) developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- (b) reviewed and monitored training and continuous professional development of the Directors and senior management;
- (c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developed, reviewed and monitored the code of conduct and compliance manual of the employees and Directors;
- (e) reviewed whether an internal audit function is needed; and
- (f) reviewed the Company's compliance with the CG Code and endorsed the annual corporate governance report.

The Board fulfilled the minimum requirement of appointing at least one-third of the members of the Board as independent non-executive Directors. They have professional knowledge and extensive experience in science and technology, medical science and economics, which also conforms with the requirement of having one independent non-executive Director with appropriate qualification on professional accounting or financial management expertise. They are able to fully represent the interests of the Shareholders. The Board has received an annual confirmation of independence from each independent non-executive Director. The Company considers all of them to be independent from the Company in accordance with the guidelines set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

The Board's composition as at the date of this report under diversified perspectives is summarised as follows:



CORPORATE GOVERNANCE REPORT

In 2025, the Board held a total of eight meetings. The average attendance rate of Directors of the Company reached 91%. The details of the attendance rate of the Board and respective Directors are as follows:

Date of meeting	Total number of Directors	Number of Directors present	Attendance rate
9 January 2025	10	8	80%
31 March 2025	10	8	80%
2 May 2025	10	8	80%
30 May 2025	10	9	90%
29 August 2025	10	10	100%
17 October 2025	10	10	100%
17 December 2025	10	10	100%
31 December 2025	10	10	100%

Name of Directors	Number of meetings attended
Mr. Chen Zhengyong	8/8
Mr. Yang Peng (<i>retired on 9 February 2026</i>)	8/8
Mr. Lu Qi (<i>resigned on 15 July 2025</i>)	4/4
Dr. Gao Guangxia (<i>retired on 9 February 2026</i>)	8/8
Dr. He Xin (<i>retired on 9 February 2026</i>)	8/8
Mr. Li Zhonghua	8/8
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	8/8
Prof. Shen Jiangan	8/8
Mr. Wu Lebin (<i>removed as a Director on 15 July 2025</i>)	0/4
Mr. Chen Peng	5/8
Dr. Shen Sheng (<i>appointed on 15 July 2025 and retired on 9 February 2026</i>)	4/4
Mr. Fan Xiaoliang (<i>appointed on 15 July 2025</i>)	4/4
Ms. Kang Rui (<i>appointed on 9 February 2026</i>)	0/0
Prof. Jin Tengchuan (<i>appointed on 9 February 2026</i>)	0/0

CORPORATE GOVERNANCE REPORT

ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING HELD IN 2025

The annual general meeting and extraordinary general meeting of the Company were held on 30 May 2025 and 15 July 2025 respectively in Beijing, PRC. Details of the Directors' attendance records of the meetings are as follows:

Name of Directors	Number of meetings attended
Mr. Chen Peng	2/2
Mr. Li Zhonghua	2/2
Mr. Chen Zhengyong	2/2
Mr. Wu Lebin (<i>removed as a Director on 15 July 2025</i>)	0/2
Dr. Gao Guangxia (<i>retired on 9 February 2026</i>)	1/2
Mr. Yang Peng (<i>retired on 9 February 2026</i>)	1/2
Dr. Shen Sheng (<i>appointed as a Director on 15 July 2025</i>)	0/0
Prof. Shen Jiangang	1/2
Mr. Fan Xiaoliang (<i>appointed as a Director on 15 July 2025</i>)	0/0
Mr. Lu Qi (<i>resigned as a Director on 15 July 2025</i>)	1/2
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	1/2
Dr. He Xin (<i>retired on 9 February 2026</i>)	1/2
Ms. Kang Rui (<i>appointed on 9 February 2026</i>)	0/0
Prof. Jin Tengchuan (<i>appointed on 9 February 2026</i>)	0/0

CHAIRMAN AND PRESIDENT

During the Year, (i) Mr. Wu Lebin was the Chairman from the beginning of the Year until he was removed as Chairman on 30 May 2025 (since Mr. Wu was detained by the relevant mainland Chinese authorities in November 2024, his responsibilities and duties within the Group as Chairman were performed by Mr. Chen Zhengyong, the then Vice Chairman and an executive Director, until his removal); (ii) Mr. Chen Zhengyong was appointed as Chairman on 30 May 2025; and (iii) Mr. Chen Peng was the President (since Mr. Chen cooperated with relevant government departments in the investigation from November 2024 to May 2025, his responsibilities and duties within the Group as President was performed by Mr. Liu Jianzhong, the finance director of the Company, until Mr. Chen fully resumed his duties and responsibilities within the Group in May 2025).

The Chairman is responsible for the approval and supervision of the overall strategies and policies of the Group, approval of annual budgets and business plans, evaluation of the Company's performance and overseeing of the management. The other executive Directors are responsible for the day-to-day operations of the Group.

CORPORATE GOVERNANCE REPORT

The President is responsible for the day-to-day operations of the Group, implementation of business strategies, targets and plans formulated and adopted by the Board, and assuming accountability to the Board for the overall operation of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a model code of conduct for dealing in the Company's securities by Directors, which was formulated in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules for the purpose of setting out the standards adopted by the Company for assessing the conduct of Directors in their dealings in the securities of the Company. Any violation of this code will be regarded as a violation of the GEM Listing Rules. The Company has confirmed, after making specific enquiries with the Directors, that all Directors have complied with the required standard of dealings as set out in the model code of conduct in relation to securities dealings by directors throughout the Reporting Period.

BOARD COMMITTEES

The Board has established three Board committees, namely remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and audit committee (the "Audit Committee") to oversee the particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

REMUNERATION COMMITTEE

The Remuneration Committee was established in accordance with the Code Provisions of the CG Code with written terms of reference. The main duties of the Remuneration Committee are the determination of specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment and making recommendations to the Board on the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and feasibility of performance based remuneration.

The Remuneration Committee consists of three members, namely, Prof. Shen Zuojun, Prof. Shen Jiangang, Prof. Jin Tengchuan and Mr. Fan Xiaoliang, with Prof. Shen Jiangang serves as the chairman of the Remuneration Committee.

The Remuneration Committee performed the following duties during the Year:

- reviewed and made recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the procedures for developing remuneration policy;
- assessed the performance of executive Directors; and
- reviewed and made recommendations to the Board on the remuneration of all Directors.

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The Remuneration Committee meets regularly to determine, with delegated responsibility from the Board, the policy for the remuneration packages of individual Directors and senior management and assess the performance of executive Directors and senior management of the Company and approve terms of executive Directors's service contracts, if any. During the Reporting Period, the Remuneration Committee met two times and the individual attendance of each member is set out below:

Name of Directors	Number of meetings attended
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	2/2
Prof. Shen Jiangang	2/2
Mr. Lu Qi (<i>resigned on 15 July 2025</i>)	1/1
Dr. He Xin (<i>retired on 9 February 2026</i>)	2/2
Prof. Jin Tengchuan (<i>appointed on 9 February 2026</i>)	0/0
Mr. Fan Xiaoliang (<i>appointed on 9 February 2026</i>)	0/0

The Remuneration Committee has adopted the model under Code Provision E.1.2(c)(ii) for making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands	Number of person(s)
HK\$1,000,000 and under	5
HK\$1,000,001 and HK\$2,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the consolidated financial statements, respectively.

NOMINATION COMMITTEE

The Nomination Committee was established on 20 March 2012. The Nomination Committee is responsible for, including but not limited to, reviewing the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and making recommendation to the Board on selection of candidates for directorships. In addition, the Nomination Committee is also responsible for (including but not limited to) (i) reviewing the policy for the nomination of Directors and to make disclosure of the summary of nomination policy in annual report of the Company annually; (ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard for the board diversity policy and nomination policy of the Company; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer; and (v) reviewing the board diversity policy as appropriate and making recommendations on any required changes to the Board for consideration and approval and monitor its implementation so as to ensure its effectiveness and make disclosure of its summary and the progress of its implementation in the corporate governance report.

The Board has adopted the board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") which are summarised below in this corporate governance report. Under the Board Diversity Policy, all Board appointments will be based on merit and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee consists of three members, namely Prof. Jin Tenchuan, Prof. Shen Jiangang and MR. Fan Xiaoliang, with Prof. Jin Tengchuan serves as the chairman of the Nomination Committee.

The Nomination Committee performed the following duties during the Year:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;
- assessed the independence of the independent non-executive Directors;
- reviewed re-appointments of the Directors;
- reviewed succession planning for Directors;
- nominated Board candidates for election/re-election by Shareholders at the annual general meeting; and
- reviewed the implementation with measurable targets, progress and effectiveness of the Nomination Policy and the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

In carrying out its functions, the Nomination Committee met two times during the Reporting Period and prior to the publication of this report. The attendance record of the said meetings is set out as follows:

Name of Directors	Number of meetings attended
Mr. Lu Qi (<i>resigned on 15 July 2025</i>)	1/1
Mr. Chen Zhengyong (<i>appointed on 15 July 2025 and ceased to act on 9 February 2026</i>)	1/1
Prof. Shen Jiangang	2/2
Mr. Wu Lebin (<i>ceased to act on 15 July 2025</i>)	0/1
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	2/2
Dr. He Xin (<i>retired on 9 February 2026</i>)	2/2
Prof. Jin Tengchuan (<i>appointed on 9 February 2026</i>)	0/0
Mr. Fan Xiaoliang (<i>appointed on 9 February 2026</i>)	0/0

Nomination Policy

The Board has adopted the Nomination Policy on 8 January 2019 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedures of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Under the Nomination Policy, new Directors are nominated under the following procedures:

- (i) if the Nomination Committee determines that an additional or replacement Director is required, it will utilise multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms; and
- (ii) having interviewed a list of potential candidates compiled from different sources, the Nomination Committee will select candidates and make recommendation based on the selection criteria and such other factors that it considers appropriate for consideration by the Board. The Board has the final authority on determining suitable candidate for appointment.

CORPORATE GOVERNANCE REPORT

Under the Nomination Policy, existing Directors are re-elected under the following procedures:

- (i) where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee will consider and, if it is appropriate as considered by the Nomination Committee, the Nomination Committee will make a recommendation to the Board for its consideration and approval for re-election at a general meeting; and
- (ii) a circular containing the requisite information on such retiring Director will be sent to Shareholders prior to a general meeting in accordance with the GEM Listing Rules.

Under the Nomination Policy, new Directors are nominated by Shareholders under the following procedures:

- (i) any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company after the day on which the notice of the Shareholders' general meeting is despatched and at least 7 days prior to the date of such meeting: (a) a written nomination of the candidate, (b) a written confirmation from such candidate of his/her willingness to stand for election and (c) biographical details of such candidate as required under Rule 17.50(2) of the GEM Listing Rules; and
- (ii) a supplementary circular will be sent to all of the Shareholders with particulars of the proposed candidate.

Board Diversity Policy

The Board has adopted the revised Board Diversity Policy on 8 January 2019 in relation to the nomination and appointment of new Directors, which provides that the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Board had achieved gender diversity under Rule 17.104 of the GEM Listing Rules. As at 31 December 2025, the Board had 10 Directors, one of which is a female. The Board also recognises the importance of diversity at the workforce level. As at 31 December 2025, the gender ratio of the workforce of the Group (excluding senior management) was 54:46 male to female. As at 31 December 2025, the senior management members of the Group comprised six individuals, namely Mr. Chen Peng, Mr. Liu Jianzhong, Ms. Zhai Yi, Mr. Luo Wei, Mr. Xu Yingzhe and Ms. Wang Xiaohong, including four males and two females. The Board considers that the current composition reflects a balanced gender representation at the senior management level and will continue to take gender diversity into account in future appointments in order to further enhance diversity where appropriate.

Workforce Diversity Policy

The Group recognises the value of workforce diversity (including senior management) and has adopted a Workforce Diversity Policy applicable to the Group. The Workforce Diversity Policy sets out the Group's commitment to fostering a fair, inclusive and supportive working environment in which all employees are treated with respect and provided equal opportunities regardless of gender, age, family status, race, ethnicity, religion, sexual orientation, gender identity, disability or other characteristics protected by applicable laws.

CORPORATE GOVERNANCE REPORT

All employment-related decisions, including recruitment, compensation, development and promotion, are made on a merit basis, taking into account qualifications, experience, skills, potential and performance. The Group maintains zero tolerance for discrimination, harassment or workplace violence in any work-related context.

The Group places particular emphasis on gender diversity across different levels of the workforce (including senior management). The Human Resources Department monitors gender diversity metrics on an ongoing basis and reports annually to the executive Directors. The executive Directors review the workforce diversity profile with reference to the Group's business model, operational needs and market benchmarks, and, where considered appropriate, may set measurable objectives (including numerical targets and timelines) to enhance gender diversity.

The Group will continue to review its workforce diversity profile and implement initiatives, where necessary, to further promote diversity in alignment with its business development and strategic plans. The Workforce Diversity Policy is reviewed periodically.

AUDIT COMMITTEE

The Company established the Audit Committee on 10 February 2006 in accordance with the requirements of the GEM Listing Rules.

The duties of the Audit Committee include (but not limited to):

1. supervising the accounting and financial reporting procedures and reviewing the financial statements of the Group;
2. studying carefully all the proceedings proposed by the accountant, compliance officers and auditors of the Group;
3. examining and monitoring the risk management and internal control systems of the Group and other major financial matters; and
4. reviewing the relevant work of the Group's external auditors.

Members of the Audit Committee possess high sense of responsibilities. They have contributed their time and efforts to ensure efficient operation and objectivity of the Board.

The Audit Committee meets at least twice a year, prior to the publication of the interim and annual results, to review the financial statements and other information to be disclosed to the Shareholders, and to assess the effectiveness and objectivity of the internal control systems. The Audit Committee reviewed the half-yearly and annual results during the Reporting Period. The Audit Committee also provides an important link between the Board and the Company's auditors in matters that arise within the scope of its terms of reference and continues to review the independence and objectivity of the auditors.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, two Audit Committee meetings were held and the individual attendance of each member is set out below:

Name of Directors	Number of meetings attended
Mr. Lu Qi (<i>resigned on 15 July 2025</i>)	1/1
Mr. Fan Xiaoliang (<i>appointed on 15 July 2025</i>)	1/1
Prof. Shen Jiangang	2/2
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	2/2
Dr. He Xin (<i>retired on 9 February 2026</i>)	2/2
Prof. Jin Tengchuan (<i>appointed on 9 February 2026</i>)	0/0

The Audit Committee consists of three members, namely Mr. Fan Xiaoliang, Prof. Jin Tengchuan and Prof. Shen Jiangang, with Mr. Fan Xiaoliang serves as the chairman of the Audit Committee.

For the Reporting Period, the Audit Committee performed the following duties:

- (i) reviewed the Group's annual results for 2024 and the Group's interim results for 2025;
- (ii) reviewed the audit plans and findings of the external auditor;
- (iii) reviewed the internal control, risk management and financial matters pursuant to its terms of reference; and
- (iv) made recommendation to the Board on the re-appointment of the external auditor and its remuneration.

The Audit Committee will also meet with the auditor annually in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric, the company secretary of the Company, supports the Chairman, the Board and the Board committees by ensuring good information flow and that Board policy and procedures are followed. Mr. Tung advises the Board on corporate governance matters and facilitates the induction and professional development of the Directors. The company secretary is an employee of the Company and is appointed by the Board. Although the company secretary reports to the Chairman and the president of the Company, all Directors may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and Board committees. The company secretary also plays an essential role in the relationship between the Company and its Shareholders, including assisting the Board in discharging its obligations to Shareholders pursuant to the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

Mr. Tung has confirmed that he has taken not less than 15 hours of relevant professional training during the financial year.

CHANGE IN AUDITORS IN PRECEDING 3 YEARS

As disclosed in the announcement of the Company dated 13 September 2024 and the circular of the Company dated 27 September 2024 in relation to the change of auditors, Ernst & Young Hua Ming LLP and Ernst & Young have resigned as the PRC auditors and the international auditors of the Company, respectively, with effect from 13 September 2024. On the same date, the Board proposed to engage BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the PRC auditors and the international auditors of the Company, respectively (the "Auditors Appointment"). The Auditors Appointment was approved by the Shareholders at the extraordinary general meeting of the Company held on 17 October 2024.

AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit services performed by the external auditors, including whether such non-audit services could lead to any potential material adverse impact on the Group. For the year ended 31 December 2025, auditors' remuneration for audit services is approximately RMB1,350,000.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the Shareholders are set out on pages 63 to 65.

The Directors have confirmed that the preparation of the Group's financial statements is in compliance with the relative regulations and applicable accounting standards. As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern and accordingly prepared the accounts on the going concern basis. The Directors also promise that the Group's financial statements will be distributed in due course.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") on 8 January 2019, which aims to allow the Shareholders to participate in the Company's profits while enabling the Company to retain adequate reserves for future growth and development. In determining whether to declare and/or recommend dividends, the Board takes into account, among other things, the Group's profitability, financial performance, cash flow position, capital requirements, operating environment, business development strategies and any significant investment or commitment of the Group, as well as applicable legal and regulatory requirements.

CORPORATE GOVERNANCE REPORT

Under the Dividend Policy, subject to the approval of the Shareholders and applicable laws and regulations, the Company may declare annual dividends if the Group is profitable, the operating environment is stable and there are no significant investment plans or commitments that would materially affect the Group's financial position.

During the Year, the Board resolved not to declare any dividend. The decision was made after careful consideration of the Group's financial performance, cash flow position, capital requirements and future business development needs, and was in accordance with the Dividend Policy.

In order to enhance long-term shareholder value, the Group will continue to focus on strengthening its core business, improving operational efficiency, enhancing profitability and cash flow generation, exercising prudent capital management and optimising resource allocation. The Board will review the Dividend Policy from time to time and will consider dividend distribution as and when appropriate, having regard to the Group's financial performance and funding requirements.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

An induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company is provided to each newly appointed director, if any. The Group also provides briefings and other trainings to develop and refresh the directors' knowledge and skills, and updates all directors on the regulatory requirements as necessary. During the Reporting Period, materials relating to various amendments to the GEM Listing Rules as well as new guidance letters and listing decisions were distributed to the Directors as part of their continuous professional development trainings. All Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code.

Directors	Attended training courses/Reviewed training materials
Mr. Wu Lebin (<i>removed on 15 July 2025</i>)	✓
Mr. Chen Zhengyoug	✓
Mr. Chen Peng	✓
Mr. Yang Peng (<i>retired on 9 February 2026</i>)	✓
Mr. Li Zhonghua	✓
Dr. Gao Guangxia (<i>retired on 9 February 2026</i>)	✓
Prof. Shen Zuojun (<i>retired on 9 February 2026</i>)	✓
Mr. Lu Qi (<i>resigned on 15 July 2025</i>)	✓
Prof. Shen Jiangan	✓
Dr. He Xin (<i>retired on 9 February 2026</i>)	✓
Dr. Shen Sheng (<i>retired on 9 February 2026</i>)	✓
Mr. Fan Xiaoliang (<i>appointed on 15 July 2025</i>)	✓

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the responsibility to maintain appropriate and effective internal control and risk management systems in order to safeguard the interest of the Group and the Shareholders, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

As at 31 December 2025, the Company did not establish a standalone internal audit department. However, the Board put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the Audit Committee. The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises. The Board convenes meetings on a regular basis to discuss financial, operational and compliance controls and risk management procedures and performs quarterly review on the Group's performance and internal control and risk management systems with the Audit Committee in order to ensure effective measures are in place to protect material assets and identify potential risks.

During the Year, the Board conducted a review and assessment of the effectiveness of the Group's internal control and risk management systems and procedures by way of discussions with the management of the Group and members of the Audit Committee.

The Board, through its review and the review made by the external consultant and the Audit Committee, concluded that the existing internal control and risk management systems of the Group were adequate and effective. The Board has also reviewed the resources, qualifications and experience of the staff of the Group's accounting and financial reporting function and their training schemes and budget and was satisfied with their adequacy.

The Company has established a full-fledged risk management system for the Company to sort out the critical risks during the operation and management process in a comprehensive manner, and integrate risk management into all aspects of operation and management as well as all links of the business process so as to create a safe, healthy, effective and environmentally friendly working environment for its employees.

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As an enterprise with diagnostic products as its principal business, the major risks that the Group may be exposed to include:

1. Industry policy risk: In engaging in the manufacturing and selling of diagnostic products (medical devices), relevant licenses granted by food and drug supervision and administration authorities must be obtained, and product quality is subject to stringent laws and regulations. Although the enterprises under the Group that are engaged in the manufacturing and operation of principal diagnostic products and medical devices have already obtained the above licenses and approvals granted by food and drug supervision and administration authorities, however, the regulations over the production and sales of diagnostic products and medical devices may be adjusted by the state. If the Group fails to make corresponding adjustments and perfection, it will cause adverse impact on its production and operation.
2. Market competition risk: Market competition is ever intensifying due to huge domestic market potential where numerous enterprises are having a foothold in the IVD and market concentration is low. The Group adopts the mainstream model of “distribution and direct selling integration with distribution as priority” in its product sales process, and has developed nearly 500 distributors in China’s 30 provinces and regions. With the continuous increase in the number of distributors, the Group finds it more and more difficult to provide distributors trainings, support, management and maintenance. To establish a mutually beneficial win-win mechanism with distributors, cultivate their loyalty to the Group and products and achieve the overall sales targets together, the Group will closely cooperate with distributors through providing product training, technical support, marketing activities and other services to reduce the risks caused by significant reforms and violation of laws and regulations by distributors.
3. Product research and development and technology substitution risks: The IVD industry is characterised by high technological value, high personnel quality demand and long cycle for research and development as well as product registration, so it is necessary to increase investments in research and development, cultivate and introduce professionals to improve the Group’s capability in scientific research. At the same time, sufficient argumentation need to be conducted on new research and development projects through external technology exchange to reduce the risk of possible replacement of currently-available know-how by the more advanced technology in the same industry, so as to remove the adverse impact on the sustainable development of the Group.
4. Quality control risk: The quality of IVD reagent and IVD instrument has a direct impact on the accuracy of medical diagnosis. As a result, the state sets stringent requirements on IVD products quality. With the further increase in output, quality control has always been an issue of major concern to the Group. Once the products are improperly maintained or operated during production, transportation and other aspects, it will lead to quality problem incidents and affects the Group’s reputation and brands. The Group implemented an all-round quality control in product design, raw materials procurement, product manufacturing and sales as well as after-sales services according to the requirements of ISO9001: 2008 and ISO13485: 2003 quality management systems. The Company prepared a comprehensive quality management system with Quality Manual (《品質手冊》) as its core, and had passed the certification of third-party authority, so as to enable the entire process of its products (from raw materials incoming inspection to manufacturing and operation and after-sales service) is effectively under control. During the Reporting Period, there was no major quality problem.

CORPORATE GOVERNANCE REPORT

5. Risk of key technical staff loss: The Group is one of the enterprises with the longest history in domestic IVD industry. The key factor for maintaining its competitive edge is that the Group owns a stable and high-quality talented team. The Group firmly believes that staff is crucial in an enterprise's development. The Group recruits and employs staff openly in strict compliance with the requirements of laws and regulations and enters into labor contracts with all employees to assure their legitimate interests in accordance with laws. While strengthening their development internally and promoting staff's skills, the Group is also actively soliciting external excellent talents to enrich the already competitive enterprise talent team. The Group provides newly-employed staffs with informative induction training and offers them flexible, diversified and pragmatic business trainings. The Group sets up position and salary levels of every employee based on his/her position by comprehensively assessing job category, work nature, responsibilities, job qualifications and other factors. The salary level is determined in accordance with the staff's knowledge and skills, work performance and overall performance. The Group makes active exploration in cultural development, and creates convenient conditions in work and life, especially in physical examination, settling down and holidays and festivals, aiming at enhancing staff's sense of belongings.
6. Investment and mergers and acquisitions risk: The Group integrates its industry resources through various means such as foreign investment as well as mergers and acquisitions to enhance its core competitiveness and achieve scalable effect. The Group will learn from lessons whole-heartedly and will strictly comply with the Interim Measures for the Administration of Foreign Investment (《對外投資管理暫行辦法》) to further strengthen the due diligence and research and argumentation before investing. Stringent post-investment control will be strengthened to enable share participating corporations to achieve synergy with the Group in terms of operation, management and other aspects, striving to enable target enterprises to meet the performance index within a relatively short period of time, so as to achieve the Group's strategic layout and reduce investment failure risk.
7. Account receivables risk: The Group is exposed to credit risk arising from trade receivables in the ordinary course of business. The relevant business department of the Group has taken measures to improve the frontend control of account receivables and maintains it at a reasonable level, strengthens the daily management and collection of account receivables and takes remedial actions as early as possible when risks occurred. It turns out that risk prevention is very effective if methods are appropriate and measures are strong.
8. Force majeure risk: Serious natural disasters and sudden public health incidents will cause damages to the Group's property and staff and may affect the Group's normal production and operation. The Group has set up corresponding emergency mechanisms and systems to cope with abrupt incidents, which can assure quick responses to make the Group's risk in production and operation activities controllable. The Company set up miniature fire station that equipped with part-time firemen as well as equipment and facilities. In 2025, the Group conducted one fire drill, which proved that quick response is achievable and safeguarding the safety of corporate personnel and property.

CORPORATE GOVERNANCE REPORT

In conclusion, in facing the above risks, the Group has three defense lines in place from top to bottom, namely, business departments, senior management team and the Board, which are being set up based on corporate governance structure and according to possible occurrence and development. We will fulfill the responsibilities in risk identification, response, management and supervision from different aspects and to understand in time the changes of national laws and regulation and policies, so as to earnestly control, prevent, allow whistle-blowing and resolve all kinds of risks through measures of compliance operation, continuous monitoring and effective supervision. The dedicated internal auditors are in place in Quality Control Center, Finance Department and Engineering Department according to the actual needs of the Company. They perform their internal auditing responsibilities through measures such as important activities are subject to stringent review and approval procedures and important contracts are subject to lawyer review. In 2025, the Company's internal personnel and externally engaged intermediaries conducted economic accountability audits on subsidiaries. Operating risks were comprehensively audited through quarterly and half-year operation analysis meetings by the Group's members and conducting operation review meetings on respective subsidiary separately. By conducting special examination on certain high-risk segments, such as marketing, procurement, accounts receivables and instrument maintenance, we aim to promote the compliance operation of the Group's subsidiaries. We also take corresponding rectification measures in a timely manner to prevent possible risks. During the Reporting Period, no major or important omissions and defects were discovered, confirming the effectiveness of all the above measures. In 2026, the Group will amend the relevant systems and establish a more reasonable organisation structure and internal auditing structure in accordance with the overall operation objectives and key works and based on the needs of risk management, so as to enable the internal audit and control over the risks during daily operating activities is practical and more effective.

INSIDE INFORMATION POLICY

The Group has adopted an inside information disclosure policy to ensure that insiders comply with confidentiality requirements and fulfill their obligations to disclose inside information.

WHISTLEBLOWING POLICY

The Company has put in place a whistleblowing policy (the "Whistleblowing Policy") which applies to all the Directors and the employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistleblowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistleblower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the Whistleblowing Policy and its mechanism, will make decisions on further actions (if needed).

CORPORATE GOVERNANCE REPORT

The Company is also committed to ensuring the protection of the whistleblower against detrimental or unfair treatment.

ANTI-CORRUPTION

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. The Company has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice. The Anti-Corruption Policy forms an integral part of the Company's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

RELATIONSHIP WITH THE INVESTORS

The Group has made great efforts to establish a long-term relationship with Shareholders and investors with an open-mind, an adherence to the principles of integrity, regularity, high transparency and disclose the required information in compliance with GEM Listing Rules. Since the commencement of its preparation for listing, the Group has kept enhancing its transparency to provide investors precise and real-time information through various communication channels, including investor presentation, one-to-one conversations, road shows, seminars, press conferences, press releases, and contacts with media, analysts and fund managers. Every year, the Directors hold the annual general meeting to meet the Shareholders and respond to their questions.

Constitutional Documents

Save for the adoption of new articles of association of the Company on 30 May 2025, there are no significant changes in the Company's articles of association during the Reporting Period. For details of the amendments to the Company's articles of association, please refer to the Company's circular dated 7 May 2025.

Shareholders Communication Policy

The objective of the shareholders' communication policy ensures that Shareholders are informed of balanced and understandable information about the Company (including the Group's strategies, businesses, major developments and financial performance) in a factual and timely manner and to enable them to exercise their rights as Shareholders in an informed manner. The Company aims to be open and transparent with its Shareholders and encourages Shareholders' active participation at the Company's general meetings. Information would be communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meetings and other general meetings, as well as disclosure on the websites of the Company and the Stock Exchange. Quarterly reports, interim reports, annual reports and circulars are sent to the Shareholders in a timely manner and are also

CORPORATE GOVERNANCE REPORT

available on the websites of the Company and the Stock Exchange. The Company's and the Stock Exchange's websites provide Shareholders with the corporate information. Shareholders are provided with contact details of the Company as set out in the above paragraph and under "contact us" information on the Company's website at zhongsheng.com.cn in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, Shareholders can contact Tricor Standard Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company's annual general meeting allows the Directors to meet and communicate with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board. The chairman of the annual general meeting proposes separate resolutions for each issue to be considered. Annual general meeting proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of the annual general meeting is distributed to all Shareholders at least 21 days (excluding the date of meeting and the date of sending a notice) prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules. Separate resolution is proposed for each issue to be considered at the meeting. The chairman of the annual general meeting exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the annual general meeting.

After taking into account that the Shareholders have multiple channels to communicate their views as mentioned above as well as the steps taken by the Board to solicit and understand the views of Shareholders and stakeholders during the year ended 31 December 2025 including but not limited to open discussion with the Shareholders during the annual general meeting, the Board's review of the implementation and effectiveness of the shareholders' communication policy was found to be sound and adequate.

CONVENING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION BY SHAREHOLDERS

Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days upon receipt of such proposal. In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires approval of the Shareholders concerned.

CORPORATE GOVERNANCE REPORT

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days upon receipt of the said proposal, Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Audit Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing. In the event that the Audit Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the said proposal. Any changes to the original request made in the notice shall require approval of the Shareholders concerned. Failure of the Audit Committee to issue the notice of the general meeting within the prescribe time limit shall be deemed as failure of the Audit Committee to convene and preside over a general meeting, and Shareholders individually or collectively holding 10% or more of the Company's shares for ninety consecutive days or more may convene and preside over the meeting on their own.

Expenses arising from general meetings convened by the Audit Committee or Shareholders shall be borne by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Shareholder(s) individually or jointly holding more than 1% (including 1%) of the Company's shares may submit a provisional motion in writing 10 days before the general meeting is convened, through the company secretary whose contact details are set out in the paragraph "Procedures for directing Shareholders' enquiries to the Board" below. The company secretary shall include in the agenda of that meeting those matters in the proposal that fall within the responsibility of the general meeting.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

The Company Secretary
66th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong
Fax No.: (852) 2108 4001

The company secretary of the Company shall forward the Shareholders' enquiries and concerns to the Board and/or the relevant Board committees of the Company and where appropriate, respond to such enquiries.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the manufacture, sale and distribution of IVD reagent products. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and analysis as required by Schedule 5 to the Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2025 and an indication of likely future development in the Group's business, are set out in the "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" sections of this annual report. The above sections form part of this report of the Directors.

RESULTS AND DIVIDENDS

The Group's profits for the year ended 31 December 2025 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 66 to 142.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 143 to 144. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Year are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

The annual change in the Company's issued share capital is set out in note 26 to the consolidated financial statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Company Law of the PRC which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

REPORT OF THE DIRECTORS PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in note 27 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Accumulated losses of the Company, as at 31 December 2025, amounted to approximately RMB81,822,000. As at 31 December 2025, the Company had no reserves available for distribution to the Shareholders as calculated in accordance with statutory provisions applicable in the PRC. Details of movements in the reserves of the Company during the Year are set out in note 36 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group complied with all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers of approximately RMB40.8 million, accounted for approximately 22% of the total revenue for the Year, in which sales to the largest customer amounted to approximately RMB12.2 million, accounted for approximately 7% of the total revenue for the Year. Purchases from the Group's five largest suppliers of approximately RMB33.9 million, accounted for approximately 30% of the total purchases for the Year, in which purchases from the largest supplier amounted to approximately RMB10.9 million, accounted for approximately 10% of total purchase for the Year. None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and five largest suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Year and up to the date of this report are as follows:

Executive Directors

Mr. Chen Peng (*Chairman and President*) (*appointed as the Chairman on 9 February 2026*)

Mr. Li Zhonghua (*Vice Chairman*)

(re-designated from a non-executive Director and appointed as a Vice Chairman on 30 May 2025)

Mr. Chen Zhengyong (*appointed as the Chairman on 30 May 2025 and ceased to be the Chairman on 9 February 2026*)

Mr. Wu Lebin (*removed as the Chairman on 30 May 2025 and removed as a Director on 15 July 2025*)

Non-executive Directors

Ms. Kang Rui (*appointed on 9 February 2026*)

Mr. Yang Peng (*retired on 9 February 2026*)

Dr. Gao Guangxia (*retired on 9 February 2026*)

Dr. Shen Sheng (*retired on 9 February 2026*)

Independent Non-executive Directors

Prof. Shen Jiangang

Mr. Fan Xiaoliang (*appointed on 15 July 2025*)

Prof. Jin Tengchuan (*appointed on 9 February 2026*)

Mr. Lu Qi (*resigned on 15 July 2025*)

Prof. Shen Zuojun (*retired on 9 February 2026*)

Dr. He Xin (*retired on 9 February 2026*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from the independent non-executive Directors annual confirmations of their independence pursuant to Rule 5.09 of the GEM Listing Rules and as at the date of this report, the Board considers each of them to be independent.

REPORT OF THE DIRECTORS

EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS

Details of emoluments of the Directors and the supervisors of the Company and the highest paid individuals (non-Director/supervisor of the Company) are set out in notes 8 and 9 to the consolidated financial statements. Save as disclosed in Note 8 to the consolidated financial statements, none of the Directors or the supervisors of the Company waived or agreed to waive any emoluments during the Year.

EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance, the results of the Group and comparable market practices.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 58 to 61 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors (including the non-executive Directors and the independent non-executive Directors) entered into a service contract or letter of appointment with the Company for a term of three years commencing from various dates of their respective appointments.

Apart from the foregoing, no Director had entered into or had proposed to enter into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 32 to the consolidated financial statements, there was no transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or any entity connected with a Director had a material interest, whether directly and indirectly, subsisting as at 31 December 2025 or any time during the Year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries.

REPORT OF THE DIRECTORS

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

As at 31 December 2025, the interests of the Directors or the chief executive of the Company in the shares and underlying shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Number of the Company's H shares held	Percentage of the Company's H shares	Percentage of the Company's total registered share capital
Mr. Chen Peng	11,330,334	14.09%	27,256,143	42.40%	26.67%
Mr. Chen Zhengyong	10,000,000	12.43%	–	–	6.91%

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or their respective associates (as defined under the GEM Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 31 December 2025.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, as far as is known to any Directors, other than the interest of the Directors and the chief executive of the Company as disclosed under the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

REPORT OF THE DIRECTORS

LONG POSITIONS IN SHARES OF THE COMPANY

Name	Capacity and nature of interest	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
Shandong Biobase Zhongsheng Technology Co., Ltd. (Note 1)	Directly beneficially owned	31,308,576	–	38.93%	–	21.64%
Jinan Moze Biotechnology Co., Ltd. (Note 1)	Through controlled corporations	31,308,576	–	38.93%	–	21.64%
Mr. Gan Yiwu (Note 1)	Through controlled corporations	31,308,576	–	38.93%	–	21.64%
Mr. Chu Danxia (Note 1)	Through controlled corporations	31,308,576	–	38.93%	–	21.64%
HK Biosino co. Limited (Note 2)	Directly beneficially owned	–	27,256,143	–	42.40%	18.84%
Hainan Zhixin Investment Partnership (Limited Partnership) (Note 2)	Through controlled corporations	–	27,256,143	–	42.40%	18.84%
Mr. Li Dongfeng (Note 2)	Through controlled corporations	–	27,256,143	–	42.40%	18.84%
Yunan Shengneng Investment Partnership (Limited Partnership) (Note 3)	Directly beneficially owned	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Li Yangyixiong (Note 3)	Through controlled corporations	10,939,314	6,780,000	13.60%	10.55%	12.24%
Jingning Guoke Kangyi Enterprise Management Center LLP (Note 4)	Directly beneficially owned	1,050,263	–	1.31%	–	0.73%
Sichuan Zhongsheng Medical Instrument Co., Ltd. (Note 5)	Directly beneficially owned	11,330,334	–	14.09%	–	7.83%
Sichuan Zhongsheng Medical Instrument Co., Ltd. (Note 5)	Directly beneficially owned	10,000,000	–	12.43%	–	6.91%
Chung Shek Enterprises Company Limited (Note 6)	Directly beneficially owned	–	3,800,000	–	5.91%	2.63%
K.C. Wong Education Foundation (Note 6)	Through controlled corporations	–	3,800,000	–	5.91%	2.63%

REPORT OF THE DIRECTORS

Notes:

1. Shandong Biobase Zhongsheng Technology Co., Ltd. (“Shandong Biobase”) was 99% owned by Jinan Moze Biotechnology Co., Ltd. (“Jinan Moze”), which was owned as to approximately 48% and 52% by Mr. Chu Danxia and Mr. Gan Yiwu, respectively. Accordingly, Jinan Moze, Mr. Chu Danxia and Mr. Gan Yiwu were deemed to be interested in the H shares owned by Shandong Biobase pursuant to the SFO.
2. HK Biosino co. Limited (“HK Biosino”) was wholly owned by Hainan Zhixin Investment Partnership (Limited Partnership), which was owned as to approximately 36.01% and 36.01% by Mr. Chen Peng (a Director), as the general partner, and Mr. Li Dongfeng, as a limited partner. Accordingly, Mr. Chen Peng and Mr. Li Dongfeng were deemed to be interested in the H shares owned by HK Biosino pursuant to the SFO.
3. Yunan Shengneng Investment Partnership (Limited Partnership) (“Yunan Shengneng”) was owned as to approximately 43.12% by Mr. Li Yangyixiong and seven other partners which none of them held more than one-third or more of the voting power at general meetings of Yunan Shengneng. Accordingly, Mr. Li Yangyixiong was deemed to be interested in the H shares and the domestic shares owned by Yunan Shengneng pursuant to the SFO.
4. The interests of Jingning Guoke Kangyi Enterprise Management Center LLP (“Jingning Guoke”) was owned as to 99.5% by Mr. Chen Peng, the president of the Company. Accordingly, Mr. Chen Peng was deemed to be interested in the domestic shares owned by Jingning Guoke pursuant to the SFO.
5. The equity interests of Sichuan Zhongsheng Medical Instrument Co., Ltd. (“Sichuan Zhongsheng”) were owned as to 77.94% by Mr. Chen Zhengyong. Accordingly, Mr. Chen Zhengyong was deemed to be interested in the domestic shares owned by Sichuan Zhongsheng pursuant to the SFO.
6. Information is extracted from the corporate substantial shareholder notices filed by Chung Shek Enterprises Company Limited and K.C. Wong Education Foundation on 7 December 2010.

Save as disclosed above, as far as is known to any Directors, as at 31 December 2025, no person, other than the Directors and the chief executive of the Company, whose interests are set out in the section “Directors’ and Chief Executive’s Interests in Shares and Underlying Shares” above, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Rule 11.23(7) of the GEM Listing Rules requires that at least 25% of the issuer’s total number of issued shares must at all times be held by the public. In the case of the Company, shares held by the public include H shares (but not domestic shares) not held by connected persons (as defined in the GEM Listing Rules) of the Company.

Throughout the year ended 31 December 2025, the Company was in compliance with the minimum public float requirement under GEM Listing Rules by maintaining its public float at the level of at least 25% of its total issued H shares. As at 31 December 2025, the Company’s public float was approximately 47.05% of its total issued H shares.

REPORT OF THE DIRECTORS

Shareholding Ownership as at 31 December 2025 (Note 1)

Name/category of H share Shareholders	Number of the Company's H shares held	Approx. % of the Company's H shares in issue (Note 2)
(a) H share Shareholders who are not members of "the public" under the GEM Listing Rules		
HK Biosino (Note 3)	27,256,143	42.40%
Yunan Shengneng (Note 4)	6,780,000	10.55%
(b) H share Shareholders who are members of "the public" under the GEM Listing Rules		
Person(s) has/have disclosed their interests pursuant to Part XV of the SFO		
– Chung Shek Enterprises Company Limited (Note 5)	3,800,000	5.91%
Others	26,450,000	41.14%
	64,286,143	100.00%

Notes:

- This table is compiled based on the information disclosed in the Disclosure of Interests notices (DI notices) filed under Part XV of the SFO and other relevant information received by the Company up to the date of this report and on the assumption that all such information disclosed in the DI notice or received by the Company is accurate and complete.
- Percentage may not add up to the total due to rounding.
- HK Biosino was wholly owned by Hainan Zhixin Investment Partnership (Limited Partnership), which was owned as to approximately 36.01% and 36.01% by Mr. Chen Peng (a Director), as the general partner, and Mr. Li Dongfeng, as a limited partner. Accordingly, Mr. Chen Peng and Mr. Li Dongfeng were deemed to be interested in the H shares owned by HK Biosino pursuant to the SFO.
- Yunan Shengneng was owned as to approximately 43.12% by Mr. Li Yangyixiong and seven other partners which none of them held more than one-third or more of the voting power at general meetings of Yunan Shengneng. Accordingly, Mr. Li Yangyixiong was deemed to be interested in the H shares owned by Yunan Shengneng pursuant to the SFO.
- Information is extracted from the corporate substantial shareholder notices filed by Chung Shek Enterprises Company Limited on 7 December 2010.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance.

For the year ended 31 December 2025, the Company complied with all Code Provisions and, where appropriate, adopted the recommended best practices set out in the CG Code, with the exception of Code Provision D.2.5 as addressed below.

Code Provision D.2.5 states that the Company should have an internal audit function. Based on the size and simple operating structure of the Group as well as the internal control processes, the Group decided not to set up an internal audit department for the time being. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the Audit Committee. The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors, the controlling Shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has an interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor any conflicts of interest which has or may have with the Group.

MANAGEMENT CONTRACTS

During the Year, there was no contract entered into by the Company relating to the management and administration of the entire or any substantial part of the business of the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 32 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in this annual report, during the Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

At no time during the Year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 31 December 2025, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

The Company is not aware of any change in the information of the Directors and the chief executive, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this annual report, there are no material events affecting the Group after the end of the Reporting Period.

AUDITORS

BDO Limited will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chen Peng

Director

Beijing, the PRC 31 March 2026

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN, PRESIDENT AND EXECUTIVE DIRECTOR

Mr. Chen Peng (陳鵬先生), aged 50, Mr. Chen graduated from Anhui University of Chinese Medicine (安徽中醫學院) with a bachelor's degree in Integrated Chinese and Western Medicine (中西醫結合臨床專業) in 1998, and obtained a master of business administration degree from Fairfield University in the United States. He served as the technical director of Shanghai Fosun High Technology (Group) Co., Ltd.* (上海複星高科技(集團)有限公司) and the chairman and president of Anhui Meikang Hospital Investment Management Co., Ltd. (安徽美康醫院投資管理股份有限公司). He is currently serving as an executive director of Beijing Zhongsheng Technology Achievement Transformation Center Co., Ltd.* (北京中生科技成果轉化中心有限公司), the chairman of Biosino (Suzhou) Medical Technology Co., Ltd.* (中生(蘇州)醫療科技有限公司) and the chairman of Guoke Health Hospital Industry Group* (國科健康院產業集團).. Mr. Chen joined the Company in December 2021.

VICE CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Li Zhonghua (李忠華先生), aged 63, Mr. Li was a graduate student at Kunming Medical University (昆明醫科大學) (previously known as Kunming Medical College (昆明醫學院)) and obtained his EMBA degree from Peking University HSBC Business School. Mr. Li has experience working as a supervisor teach in medical diagnostic profession and a clinical laboratory doctor at the hospital. From 1993 to December 1997, Mr. Li worked at Shanghai Kehua Biotechnology Co., Ltd.* (上海科華生物科技股份有限公司工作). In 1998, Mr. Li commenced his own business and was a senior management personnel that inspects medical equipment products in Yunnan Province. Mr. Li founded Kunming Huasheng Technology Co., Ltd.* (昆明華聖科技有限公司) and Yunnan Guoke Kangyi Biotechnology Co., Ltd.* (雲南國科康儀生物科技股份有限公司). Mr. Li joined the Company in May 2023.

EXECUTIVE DIRECTOR

Mr. Chen Zhengyong (陳正永先生), aged 63. From 1983 to 1993, Mr. Chen was employed at Chengdu Tenth Hospital* (成都市第十醫院) where he was responsible for diagnostic testing. Since 1994, he has been engaged in the business of precision medicine and in vitro diagnostic. He has served as the chairman of the board of a number of companies including Sichuan Zhongsheng Medical Instrument Co., Ltd.* (四川中生醫療器械有限責任公司) ("Sichuan Zhongsheng") since 2012, Sichuan Century Tongchang Health Management Co., Ltd.* (四川世紀同昌健康管理有限責任公司) since 2015 and Chengdu Tongchang Medical Laboratory Co., Ltd.* (成都同昌醫學檢驗所有限公司) since 2017. Mr. Chen obtained his diploma from Chongqing Medical and Pharmaceutical College (重慶醫藥高等專科學校) in clinical laboratory (檢驗專業) in 1983. He studied Chinese language and literature (漢語言文學專業) at Sichuan Broadcast Television University* (四川省廣播電視大學) (currently known as Sichuan Open University (四川開放大學)) from 1985 to 1988, studied Business Administration at Southwestern University of Finance and Economics (西南財經大學) from 2014 to 2016 and studied Business Administration at Peking University (北京大學) from 2018 to 2020. Mr. Chen joined the Company in May 2023.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Kang Rui (康睿女士), aged 25, obtained a bachelor's degree in Broadcasting and Hosting Arts from Shandong Youth University of Political Science in June 2022. Since February 2023, Ms. Kang has been employed by Boke Holdings Group Co., Ltd.* (博科控股集團有限公司), where she currently serves as an administrative manager and is primarily responsible for the establishment of institutional systems, planning of large-scale events, and internal administrative management. Ms. Kang is also a director of Shandong Biobase Zhongsheng Technology Co., Ltd.* (山東博科中生科技有限公司), a substantial Shareholder. Ms. Kang joined the Company in February 2026.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Shen Jiangan (沈劍剛教授), aged 62, Prof. Shen acted as a professor and chairman of the Departmental Research Postgraduate Committee at School of Chinese Medicine of The University of Hong Kong since February 2022. From July 2014 to February 2020, Prof. Shen acted as a professor and associate director (research) of School of Chinese Medicine at The University of Hong Kong. From January 2013 to July 2014, Prof. Shen acted as a professor and assistant director (research) of School of Chinese Medicine at The University of Hong Kong. From November 2005 to January 2007, Prof. Shen acted as an assistant professor at School of Chinese Medicine of The Chinese University of Hong Kong. From August 2004 to December 2005, Prof. Shen served as an assistant professor (research) at College of Pharmacy, Health Science Center, University of New Mexico in the United States of America (the "United States"). From September 2001 to September 2004, Prof. Shen served as a research assistant professor at the Department of Medicine of The University of Hong Kong. From August 1999 to September 2001, Prof. Shen was employed as a research scientist at National EPR Center, Department of Radiology at Dartmouth Medical School in the United States. From July 1995 to July 1998, Prof. Shen acted as an associate professor and associate director at Institute of Chinese Medicine, Nan-Fang Hospital, First Military Medical University (currently known as Southern Medical University) in China. From July 1990 to July 1995, Prof. Shen was a lecturer at Institute of Chinese Medicine, Nan-Fang Hospital, First Military Medical University in China. Prof. Shen joined the Company in February 2023.

Mr. Fan Xiaoliang (范曉亮先生), aged 61, Mr. Fan is a certified public accountant, tax advisor, and asset appraiser in the PRC. He is currently a partner at Zhongxingcai Guanghua Certified Public Accountants LLP* (中興財光華會計師事務所 (特殊普通合伙)), an executive director at Beijing Shiji Shuitong Tax Firm* (北京世紀稅通稅務師事務所) and an independent director of Zhuhai Hokai Medical Instruments Co. Ltd. (珠海市和佳醫療設備有限公司) (previously listed on the Shenzhen Stock Exchange and delisted in July 2023). He obtained a bachelor's degree in management from Anhui Institute of Finance and Trade (currently known as Anhui University of Finance and Economics) in December 2000. Mr. Fan has been involved in projects such as annual audits of listed companies, audits for mergers and acquisitions, corporate management consulting and tax planning. Mr. Fan joined the Company in July 2025.

DIRECTORS AND SENIOR MANAGEMENT

Prof. Jin Tengchuan (金騰川教授), aged 45, obtained dual bachelor's degrees in biophysics and business administration from University of Science and Technology of China in 2003. He also obtained a doctoral degree in biochemistry and molecular biology from Illinois Institute of Technology in the United States in 2008. From 2008 to 2014, he served successively as Postdoctoral Fellow and Research Fellow at the National Institutes of Health (NIH), National Institute of Allergy and Infectious Diseases (NIAID) in the United States. In 2015, he was appointed as Specially Appointed Researcher and PhD Supervisor at the School of Life Sciences, University of Science and Technology of China, and was promoted to Professor in 2021. He has published in journals including Immunity, Cell Research, Journal of Experimental Medicine, Nature Communications, Signal Transduction and Targeted Therapy, Nucleic Acids Research, Cell Discovery, Protein & Cell, Cellular & Molecular Immunology, and Cell Reports. Since 2025, he has served as Executive Editor-in-Chief of iNew Medicine and as an editorial board member of Allergy Medicine and Bulletin of Obstetrics & Gynecology. Prof. Jin joined the Company in February 2026.

SENIOR MANAGEMENT

Mr. Liu Jianzhong (劉建中先生), aged 61, is the finance director of the Company. Mr. Liu graduated from the Jilin Finance and Trading Institute in Accounting with a bachelor's degree in 1989. He serves as financial head of Institute of Biophysics, Chinese Academy of Sciences (中科院生物物理研究所). He had been a finance supervisor of our subsidiary, Beijing Baiao Pharmaceuticals Co., Ltd.* (北京百奧藥業有限責任公司) for several years and joined the Company in 1994. He became the finance manager since 2014. In January 2019, he was appointed as the finance controller.

Ms. Zhai Yi (翟毅女士), aged 54, is a vice president of the Company. She graduated from the Secondary Specialised School Affiliated to the CAS Staff University of Science and Technology in 1992 and completed the master's programme in engineering project management at the University of Chinese Academy of Sciences. She joined the Company in 1992 and successively served as production supervisor of the Instrument Department, Quality Supervisor, head of the Quality Management Department, director of the Company Office and assistant to the president. She has served as a vice president of the Company since 2023.

Mr. Luo Wei (羅偉先生), aged 51, is a vice president of the Company and secretary to the Board. He graduated from the School of Economics and Management of Xiangtan University with a master's degree in 2000. He previously worked at Shanghai Fuka Economic Forecasting Research Institute Co., Ltd., SANY Heavy Industry Co., Ltd., Sinopharm Group Co. Ltd., ABC Capital and Sinopharm Capital Management Co., Ltd. He joined the Company as Investment Director in 2021, has served as a vice president of the Company since 2023, and was appointed as secretary to the Board in December 2024.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Yingzhe (徐英哲先生), aged 40, is an assistant to the president of the Company and general management director. He graduated from Law School, Hebei University in 2008 and obtained a master's degree in management from the University of International Business and Economics. He previously worked at ZhongKe Biopharm Co., Ltd. (中科生物製藥股份有限公司), Tongying Biopharmaceutical Co., Ltd. (通盈生物製藥有限公司) and the business division of Beijing Bohui Innovation Biotechnology Group Co., Ltd. (北京博暉創新生物技術集團股份有限公司), etc. He joined the Company as the director of human resources and administration in 2022, has served as general management director and deputy director of the Operation and Management Office since 2023, and was appointed as assistant to the president and general management director in July 2025.

Ms. Wang Xiaohong (汪曉鴻女士), aged 46, is an assistant to the president of the Company and director of the President's Office. She graduated from Northeast Agricultural University in 2007 with a master's degree in animal genetics, breeding and reproduction. She previously worked at Beijing Bio-Ekon Biotechnology Co., Ltd., Beijing Biosino Immunodiagnosis Technology Co., Ltd., Biosino Bio-Technology and Science Incorporation and Beijing Leadman Biochemistry Co., Ltd., etc. She joined the Company as deputy director of the Operation and Management Office in 2022, and successively served concurrently as manager of the Marketing Department and manager of the Marketing Management Department. She was appointed as assistant to the president and director of the President's Office in July 2025.

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric (董煥樟先生), aged 55, is the company secretary of the Company. Mr. Tung graduated from York University, Toronto, Canada with a honor bachelor's degree in administrative studies in 1993. Mr. Tung is a certified public accountant of Hong Kong Institute of Certified Public Accountants. He is also an U.S. certified public accountant of the American Institute of Certified Public Accountants. Mr. Tung previously worked at Ernst & Young and possesses extensive experience. Mr. Tung is currently an executive director and the company secretary of Beijing Enterprises Holdings Limited (stock code: 392), an executive director, the chief financial officer and the company secretary of Beijing Enterprises Water Group Limited (stock code: 371), an independent non-executive director of each of South China Financial Holdings Limited (stock code: 619), GR Life Style Company Limited (Formerly known as GR Properties Limited) (stock code: 108) and Jinke Smart Services Group Co., Ltd. (stock code: 9666), all of which are companies listed on the Main Board of the Stock Exchange.

ACCOUNTANT

Mr. Cheng King Yin (鄭敬賢先生), aged 38, is the accountant of the Company. Mr. Cheng graduated from the City University of Hong Kong and holds a bachelor's degree in accountancy. Mr. Cheng is a member of Hong Kong Institute of Certified Public Accountants and also a CFA charterholder. Mr. Cheng had worked at Ernst & Young and acquired extensive experience therein. Prior to joining the Company, Mr. Cheng worked at the Capital and Finance Department of Beijing Enterprises Holdings Limited (stock code: 392). Mr. Cheng joined the Company in February 2021.

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION

(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Biosino Bio-Technology and Science Incorporation (the "Company") and its subsidiaries (together the "Group") set out on pages 66 to 142, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

Revenue Recognition

The Group recognised total revenue amounting to RMB184,291,000 in its consolidated statement of profit or loss for the year ended 31 December 2025. Revenue is recognised when the performance obligations are satisfied, being when control of goods or service is transferred to the customers. Since revenue from the sale of goods and service is one of the key performance indicators of the Group, and due to the high volume of sales transactions, significant audit time and resources were devoted to this area, particularly in relation to the occurrence of such transactions in the correct period.

The accounting policies and disclosures for revenue recognition are included in notes 2.4 and 5 to the consolidated financial statements.

Our response:

Our audit procedures included, among others, obtaining an understanding of and assessing the design and implementation effectiveness of key internal controls in relation to revenue recognition, and performing tests of details on a sampling basis. In addition, we confirmed selected trade receivables balances as at the end of the reporting period on a sample basis. We conducted cut-off tests to assess whether revenue was recognised in the correct reporting periods.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

Certified Public Accountants

LI, Xiang

Practising Certificate no. P08497

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	184,291	263,069
Cost of sales		(113,370)	(154,669)
Gross profit		70,921	108,400
Other income and gains	5	3,757	5,008
Selling and distribution expenses		(44,792)	(56,213)
Administrative expenses		(48,478)	(50,391)
Impairment losses on financial assets		(4,836)	(6,528)
Impairment losses on other assets		(4,501)	(12,974)
Research and development expenses		(26,821)	(33,418)
Other expenses		(5,786)	(3,889)
Finance costs	7	(6,808)	(9,299)
Share of results of:			
A joint venture		(47)	(99)
An associate		142	(317)
Loss before income tax		(67,249)	(59,720)
Income tax credit	10	2,227	2,831
Loss for the year		(65,022)	(56,889)
Loss for the year attributable to:			
– Owners of the parent		(51,142)	(42,532)
– Non-controlling interests		(13,880)	(14,357)
		(65,022)	(56,889)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted			
– For loss for the year	11	RMB(0.353)	RMB(0.294)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(65,022)	(56,889)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	10	(50)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	10	(50)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	10	(50)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(65,012)	(56,939)
Attributable to:		
– Owners of the parent	(51,132)	(42,582)
– Non-controlling interests	(13,880)	(14,357)
	(65,012)	(56,939)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	57,383	67,972
Investment properties	13	17,548	18,198
Right-of-use assets	14(a)	4,103	6,579
Other intangible assets	15	13,787	18,690
Investments in a joint venture	16	11,390	11,854
Investments in an associate	17	62,401	62,259
Financial assets at fair value through other comprehensive income		650	550
Long-term receivables		500	500
Deferred tax assets	25	9,359	5,365
Total non-current assets		177,121	191,967
Current assets			
Inventories	18	43,606	53,761
Trade and bills receivables	19	106,680	121,544
Prepayments, other receivables and other assets	20	36,197	41,887
Cash and cash equivalents	21	43,520	68,213
Total current assets		230,003	285,405
LIABILITIES			
Current liabilities			
Trade payables	22	62,669	87,108
Other payables and accruals	23	65,350	58,754
Interest-bearing bank and other borrowings	24	151,896	143,665
Lease liabilities	14(b)	491	3,356
Tax payable		1	12
Total current liabilities		280,407	292,895
Net current liabilities		(50,404)	(7,490)
Total assets less current liabilities		126,717	184,477

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	24	8,573	4,556
Lease liabilities	14(b)	1,954	2,269
Deferred tax liabilities	25	3,235	3,185
Total non-current liabilities		13,762	10,010
Net assets		112,955	174,467
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	144,707	144,707
Reserves	27	(24,524)	23,098
Total equity attributable to owners of the parent		120,183	167,805
Non-controlling interests		(7,228)	6,662
Total equity		112,955	174,467

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026 and were signed on its behalf by:

Chen Zhengyong
Director

Chen Peng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Year ended 31 December 2025

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (Note 26)	Capital reserves* RMB'000	Statutory reserves* RMB'000	Exchange reserves* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025	144,707	140,820	49,459	(164)	(1,005)	(166,012)	167,805	6,662	174,467
Loss for the year	-	-	-	-	-	(51,142)	(51,142)	(13,880)	(65,022)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	10	-	-	10	-	10
Total comprehensive Income for the year	-	-	-	10	-	(51,142)	(51,132)	(13,880)	(65,012)
Contributions from non-controlling shareholders of a subsidiary	-	3,510	-	-	-	-	3,510	(10)	3,500
At 31 December 2025	144,707	144,330	49,459	(154)	(1,005)	(217,154)	120,183	(7,228)	112,955

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Year ended 31 December 2024

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (Note 26)	Capital reserves*	Statutory reserves*	Exchange reserves*	Fair value reserve of financial assets at fair value through other comprehensive income*	Accumulated losses*	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	144,707	140,820	49,459	(114)	(1,005)	(123,480)	210,387	21,017	231,404
Loss for the year	-	-	-	-	-	(42,532)	(42,532)	(14,357)	(56,889)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	(50)	-	-	(50)	-	(50)
Total comprehensive Income for the year	-	-	-	(50)	-	(42,532)	(42,582)	(14,357)	(56,939)
Contributions from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	2	2
At 31 December 2024	144,707	140,820	49,459	(164)	(1,005)	(166,012)	167,805	6,662	174,467

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(67,249)	(59,720)
Adjustments for:			
Finance costs	7	6,808	9,299
Share of results of an associate		(142)	317
Share of results of a joint venture		47	99
Other interest income	5	(1,558)	(1,660)
Investment gains from financial assets at fair value through profit or loss		(83)	–
Loss on disposal of property, plant and equipment	6	1,541	3,618
Depreciation of property, plant and equipment	6	13,305	11,060
Depreciation of right-of-use assets	6, 14	2,476	2,889
Depreciation of investment properties	6, 13	650	722
Amortisation of other intangible assets	6	2,080	3,137
Impairment of trade and bills receivables	6	4,670	5,664
Impairment of other intangible assets	6	3,049	7,546
Impairment of investment in a joint venture	6	417	–
Impairment of other receivables	6	166	864
Impairment of investment properties	6	–	1,793
Impairment of property, plant and equipment	6	1,035	3,635
Provision for inventories to net realisable value	6	2,705	1,233
		(30,083)	(9,504)
Decrease in inventories		7,450	5,416
Decrease in trade and bills receivables		10,194	52,590
Decrease in prepayments, other receivables and other assets		3,563	4,233
Decrease in trade payables		(24,439)	(24,432)
Increase/(decrease) in other payables and accruals		7,644	(4,255)
Decrease in deferred income		–	(66)
Cash (used in)/generated from operations activities		(25,671)	23,982
Income tax paid		(1,728)	(1,891)
Interest received		1,558	1,660
Net cash (used in)/generated from operating activities		(25,841)	23,751

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
Notes	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(6,544)	(12,391)
Purchases of other intangible assets	(226)	(2,833)
Proceeds from disposal of property, plant and equipment	280	467
Proceeds from disposal of financial assets at fair value through profit or loss	83	–
Purchase of financial assets at fair value through other comprehensive income	(100)	(550)
Repayment from a related party	–	1,500
Dividends received from investment in an associate	1,961	1,961
	(4,546)	(11,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	155,649	149,950
Repayments of bank and other borrowings	(143,401)	(144,446)
Interest paid	(6,566)	(8,881)
Lease payments	(3,422)	(3,676)
Capital contributions from non-controlling shareholders	3,500	2
	5,760	(7,051)
Net cash flows generated from/(used in) financing activities	5,760	(7,051)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(24,627)	4,854
Cash and cash equivalents at beginning of year	68,213	63,410
Effect of foreign exchange rate changes, net	(66)	(51)
CASH AND CASH EQUIVALENTS AT END OF YEAR	43,520	68,213
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	43,520	68,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION

Biosino Bio-Technology and Science Incorporation (the “Company”) is a limited liability company established in the People’s Republic of China (the “PRC”). The registered office of the Company is located at No. 27, Chaoqian Road, Science and Technology Industrial Park, Changping District, Beijing, the PRC.

During the year ended 31 December 2025, the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture, sale and distribution of in-vitro diagnostic products in the PRC.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries as of 31 December 2025 are as follows:

Company name	Place of establishment and operations and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. (“Zhongsheng Jinyu”) (北京中生金域診斷技術股份有限公司) *	PRC/Mainland China, limited liability company	RMB30 million	45.90%	Manufacture, sale and distribution of in-vitro diagnostic reagent products
Beijing Zhongsheng Keli Laboratory Medicine Technology Co.,Ltd. (“Biosino Lab”) (北京中生科技成果轉化中心有限公司)	PRC/Mainland China, limited liability company	RMB50 million	94%	Medical service and medical inspection service
Biosino Suzhou Medical Technology Co., Ltd. (“Biosino Suzhou”) (中生(蘇州)醫療科技有限公司)	PRC/Mainland China, limited liability company	RMB72.9 million	82.99%	Production and sale of medical instruments
Canada Biosino LVD Technology Co., Ltd. (“Biosino Canada”) (加拿大中生體外診斷技術有限公司)	Canada, limited liability company	USD3.5 million	100%	Inactive
Anhui Biosino Co., Ltd. (“Anhui Biosino”) (安徽中生北控生物科技股份有限公司)	PRC/Mainland China, limited liability company	RMB5 million	51%	Distribution of in-vitro diagnostic reagent products
Biosino Medical Bio-Technology (Shanxi) Co., Ltd. (中生醫療生物科技(山西)有限公司)**	PRC/Mainland China, limited liability company	RMB5 million	51%	Production and sale of medical instruments
Biosino Medical Instrument Technology (Jinan) Co., Ltd. (中生醫療器械科技(濟南)有限公司)***	PRC/Mainland China, limited liability company	RMB2 million	100%	Production and sale of medical instruments

* This entity is accounted for as a subsidiary by virtue of the Company’s control over it as disclosed in note 3.

** The subsidiary was incorporated on 11 December 2025.

*** The subsidiary was incorporated on 15 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rule”). They have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Chinese yuan (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

Going Concern Basis

The Group incurred a loss of approximately RMB65,022,000 for the year ended 31 December 2025, and as of that date, its current liabilities exceeded its current assets by approximately RMB50,404,000. As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB43,520,000, while its current interest-bearing bank and other borrowings totalled approximately RMB151,896,000. These conditions may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the appropriateness of the going concern basis, the directors have considered the Group's cash flow projections for a period of not less than twelve months from 31 December 2025 and have taken into account the following:

- the Group had unused banking facilities of approximately RMB20,000,000 as at 31 December 2025;
- subsequent to the end of the reporting period, the Group successfully renewed existing banking facilities of RMB50,000,000 in March 2026;
- certain substantial shareholders of the Company have undertaken to provide additional funding of not less than RMB60,000,000 to the Group, if required; and
- the Group is implementing measures to dispose of a loss-making subsidiary to reduce recurring losses and funding pressure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.1 BASIS OF PREPARATION *(continued)*

Going Concern Basis *(continued)*

Based on the above, the directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for at least twelve months from 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following amendments are effective for the annual reporting period beginning 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	<i>Lack of Exchangeability</i>
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	<i>Disclosure about Uncertainties in the Financial Statements</i>

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amended HKFRSs Accounting Standard, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amended HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to HK Int 5	<i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause³</i>

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(continued)

Except as disclosed below, the directors of the Company anticipate that the application of these new and amended HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 - Presentation and Disclosure in Financial Statements

HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The directors of the Group anticipate that the application of HKFRS 18 has no impact on the Group's financial position and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

2.4. MATERIAL ACCOUNTING POLICIES

Investments in an associate and a joint venture

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Investments in an associate and a joint venture *(continued)*

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Fair value measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is Significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	3.17% to 4.75%
Leasehold improvements	Over the shorter of lease terms and 10.00%
Machinery	8.60% to 19.40%
Furniture and fixtures	19.00% to 32.33%
Motor vehicles	19.00% to 24.25%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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

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

Investment properties

Investment properties mainly comprising buildings, are held for long-term rental income. The Group's investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on the straight-line basis, at rates sufficient to write off their costs over their estimated life of 30 years. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Intangible assets (other than goodwill)

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

Patents and license

Purchased patents and license are stated at cost less any impairment losses and are amortised on the straight-line basis over an estimated useful life of 10-20 years.

Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over an estimated useful life of 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(a) Right-of-use assets

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

Leasehold land	40 years
Plant and machinery	2 to 15 years

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

(b) Lease liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

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

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

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

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

Impairment of financial assets

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

General approach

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

- | | | |
|---------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, amounts due to shareholders, lease liabilities and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

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

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

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

Derecognition of financial liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) *Sale of diagnostic products*

Revenue from the sale of diagnostic products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the diagnostic products.

(b) *Other service*

Revenue from other service is recognised at the point in time when the control of the service is transferred to the customer, generally upon the completion of service provided.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4. MATERIAL ACCOUNTING POLICIES *(continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of an overseas subsidiary is a currency other than the RMB. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into RMB at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Zhongsheng Jinyu even though it owns less than 50% of the voting rights. This is because the Group and two other shareholders entered into an Acting in Concert agreement, which constitutes 90% of the voting rights. Since the date of acquisition of Zhongsheng Jinyu, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Going concern assumption

The directors of the Company consider that the Group is able to continue as a going concern. The assessment of the going concern assumption, as disclosed in Note 2.1, involves judgements made by the directors of the Company at a particular point of the time about the future outcome of events or conditions which are inherently uncertain. These include the timely renewal of the Group's credit facilities upon expiry, the financial ability of the substantial shareholders to provide timely financial support to the Group, as well as the anticipated improvement in the Group's profitability and cash flows following the successful disposal of the loss-making subsidiary.

Estimation uncertainty

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the days from the billing date for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the in-vitro reagent manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use 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 are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was RMB4,313,000 (2024: RMB 1,006,000). The amount of unrecognised tax losses at 31 December 2025 was RMB229,603,000 (2024: RMB 194,715,000). Further details disclosed in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Development cost

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2025, the best estimate of the carrying amount of capitalised development costs was RMB0 (2024: RMB1,068,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment, the in-vitro diagnostic products segment, which manufactures, sells and distributes a variety of mono/double diagnostic products.

Management monitors the operating results of the Group's business units as a whole for the purpose of making decisions about resource allocation and performance assessment. All of the Group's revenue from external customers and profits are generated from this single segment.

Geographical information

For the year ended 31 December 2025, approximately 88% of the Group's revenue was generated from customers located in Mainland China, and as at 31 December 2025, all the non-current assets of the Group were located in Mainland China.

Information about major customers

No single customer contributed to 10% or more of the Group's revenue during the year ended 31 December 2025 and 2024.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	184,291	263,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of in-vitro diagnostic products	182,142	262,231
Other services	2,149	838
	184,291	263,069
Timing of revenue recognition		
Goods and services transferred at a point in time	184,291	263,069

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of in-vitro diagnostic products	6,742	12,235

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of in-vitro diagnostic products

Revenue from the sale of diagnostic products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the diagnostic products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations *(continued)*

Other services

Revenue from other service is recognised at the point in time when the control of the service is transferred to the customer, generally upon the completion of service provided.

The amounts of transaction prices allocated to the remaining performance obligations as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	10,010	6,742

(c) Other income and gains

	2025 RMB'000	2024 RMB'000
Government grants *	1,185	1,301
Other interest income	1,558	1,660
Others	1,014	2,047
	3,757	5,008

* *Government grants mainly represented the financial support received from local government as an incentive for technology development and there are no unfulfilled conditions attached to the government grant.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

		2025	2024
	Notes	RMB'000	RMB'000
Cost of inventories sold (i)		111,495	152,736
Cost of services provided (i)		1,875	1,933
		113,370	154,669
Employee benefit expense (including directors' and supervisors' remuneration):			
Wages, salaries and bonuses		68,543	74,955
Pension scheme contributions (defined contribution scheme) *		8,104	9,444
Social welfare and other costs		13,542	18,531
		90,189	102,930
Research and development costs (ii)		26,821	33,418
Loss on disposal of property, plant and equipment, net		1,541	3,618
Lease payments not included in the measurement of lease liabilities	14(c)	880	658
Auditor's remuneration		1,350	1,277
Depreciation of property, plant and equipment	12	13,305	11,060
Depreciation of investment properties	13	650	722
Depreciation of right-of-use assets	14(a)	2,476	2,889
Amortisation of other intangible assets (v)	15	2,080	3,137
Impairment of trade and bills receivables	19	4,670	5,664
Impairment of other receivables		166	864
Impairment of other intangible assets	15	3,049	7,546
Impairment of property, plant and equipment	12	1,035	3,635
Impairment of investment properties	13	–	1,793
Impairment of investment in a joint venture		417	–
Provision for inventories to net realisable value		2,705	1,233
Foreign exchange differences, net		66	51

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. LOSS BEFORE INCOME TAX *(continued)*

- (i) For the year ended 31 December 2025, cost of inventories sold and services provided included the depreciation of property, plant and equipment of RMB7,125,000 (2024: RMB7,422,000), employee benefit expense of RMB15,450,000 (2024: RMB18,609,000) depreciation of right-of-use assets of RMB1,350,000 (2024: RMB1,794,000) and write-down of inventory to net realisable value of RMB2,864,000 (2024: RMB706,000).
- (ii) For the year ended 31 December 2025, research and development costs included the depreciation of property, plant and equipment of RMB1,083,000 (2024: RMB887,000), employee benefit expense of RMB19,550,000 (2024: RMB19,854,000) and depreciation of right-of-use assets of RMB381,000 (2024: RMB236,000).
- (iii) For the year ended 31 December 2025, administrative expenses included the depreciation of property, plant and equipment of RMB1,670,000 (2024: RMB879,000), employee benefit expense of RMB28,211,000 (2024: RMB30,576,000) and depreciation of right-of-use assets of RMB551,000 (2024: RMB639,000).
- (iv) For the year ended 31 December 2025, selling and distribution expenses included the depreciation of property, plant and equipment of RMB3,427,000 (2024: RMB1,872,000), employee benefit expense of RMB26,978,000 (2024: RMB33,891,000) and depreciation of right-of-use assets of RMB194,000 (2024: RMB220,000).
- (v) For the year ended 31 December 2025, the amortisation of other intangible assets of RMB2,080,000 (2024: RMB3,137,000) which is included in administrative expenses of RMB1,736,000 (2024: RMB2,529,000), research and development expenses of RMB286,000 (2024: RMB91,000), cost of sales of RMB18,000 (2024: RMB477,000) and selling and distribution expenses of RMB40,000 (2024: RMB40,000)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	6,566	8,881
Interest on lease liabilities	242	418
	6,808	9,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Fees	163	150
Other emoluments:		
Salaries, allowances and benefits in kind	1,173	3,245
Total	1,336	3,395

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Dr. He Xin ¹	60	30
Prof. Shen Zuojun ²	–	–
Prof. Shen Jiangang	60	60
Mr. Lu Qi ³	15	60
Mr. Fan Xiaoliang ⁴	28	-
	163	150

There were no other emoluments payable to the independent non-executive directors for the years of 2025 and 2024.

¹ Dr. He Xin was appointed as an independent non-executive director on 28 June 2024.

² Prof. Shen Zuojun waived his emoluments for personal reasons since 2023.

³ Mr. Lu Qi resigned as an independent non-executive director on 15 July 2025.

⁴ Mr. Fan Xiaoliang was appointed as an independent non-executive director on 15 July 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

(b) Executive directors, non-executive directors and supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Total remuneration RMB'000
2025			
Executive directors:			
Mr. Wu Lebin ¹	–	62	62
Mr. Chen Peng	–	1,020	1,020
Mr. Chen Zhengyong ²	–	–	–
Mr. Li Zhonghua ³	–	–	–
	–	1,082	1,082
Non-executive directors:			
Mr. Yang Peng	–	–	–
Dr. Gao Guangxia	–	–	–
Dr. Shen Sheng ⁴	–	–	–
	–	–	–
Supervisors:			
Dr. Shen Sheng ⁵	–	–	–
Mr. Fan Hua ⁵	–	–	–
Ms. Ren Junhe ⁵	–	91	91
	–	91	91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

(b) Executive directors, non-executive directors and supervisors *(continued)*

	Fees RMB' 000	Salaries, allowances and benefits in kind RMB' 000	Total remuneration RMB' 000
2024			
Executive directors:			
Mr. Wu Lebin	–	1,453	1,453
Mr. Chen Peng	–	1,528	1,528
Mr. Chen Zhengyong	–	–	–
	–	2,981	2,981
Non-executive directors:			
Mr. Yang Peng	–	–	–
Dr. Gao Guangxia	–	–	–
Mr. Li Zhonghua	–	–	–
	–	–	–
Supervisors:			
Mr. Fan Hua ⁶	–	–	–
Mr. Li Jifeng ⁷	–	–	–
Dr. Shen Sheng	–	–	–
Ms. Ren Junhe	–	264	264
	–	264	264

1 Mr. Wu Lebin ("Mr. Wu") was removed as executive director on 15 July 2025.

2 Mr. Chen Zhengyong was appointed as the Chairman of the Board in place of Mr. Wu with effect from 30 May 2025.

3 Mr. Li Zhonghua was re-designated to an executive director with effect from 30 May 2025, and he has also been appointed as a Vice Chairman of the Board on the same date.

4 Dr. Shen Sheng was appointed as a non-executive director on 15 July 2025.

5 The Board has resolved to amend its Articles of Association to formally abolish the Supervisory Committee and empower the audit committee of the Company to assume the authority and responsibilities previously exercised by the Supervisory Committee on 30 May 2025.

6 Mr. Fan Hua was appointed as an independent supervisor on 28 June 2024.

7 Mr. Li Jifeng resigned as an independent supervisor on 28 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: three) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,424	1,683
Pension scheme contributions	451	177
	1,875	1,860

The remuneration of the non-director and non-supervisor highest paid employees fell within the following band as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	4	3

10. INCOME TAX CREDIT

Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rate of tax prevailing in the PRC. Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25%.

The Company and one of its subsidiaries, Zhongsheng Jinyu, are entitled to a preferential rate of 15% under the PRC income tax laws for a period of three years commencing from 26 October 2023, as they are accredited by the relevant government authorities as High and New Technology Enterprises.

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FOR THE YEAR ENDED 31 DECEMBER 2025

10. INCOME TAX CREDIT *(continued)*

No Hong Kong Profits Tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

	2025 RMB'000	2024 RMB'000
Current tax - PRC		
Provision for the year	(403)	(1,235)
Under-provision in respect of previous periods	(1,314)	(447)
	(1,717)	(1,682)
Deferred <i>(note 25)</i>	3,944	4,513
Total tax credit for the year	2,227	2,831

The income tax expense for the year can be reconciled to the loss before tax expense per the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(67,249)	(59,720)
Tax at the statutory tax rate	(16,812)	(14,930)
Preferential tax rate or concessions	2,534	3,538
Adjustments in respect of current tax of previous periods	1,314	447
Profit/(loss) attributable to a joint venture and an associate	14	(62)
Accelerated research and development deductible expenses	(1,065)	(6,526)
Expenses not deductible for tax	1,394	4,179
Tax losses and deductible temporary differences not recognised	10,394	10,523
Tax credit	(2,227)	(2,831)

The share of tax attributable to an associate and a joint venture amounting to RMB14,000 (2024: RMB62,000) is included in "Share of results of a joint venture and an associate" in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 144,707,176 (2024: 144,707,176) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2025 and 2024.

The calculations of basic and diluted loss per share are based on:

Loss

Loss attributable to ordinary equity holders of the parent,
used in the basic and diluted loss per share calculations

2025	2024
RMB'000	RMB'000
51,142	42,532

Shares

Weighted average number of ordinary shares in issue during the year
used in the basic and diluted loss per share calculations

Numbers of shares	
2025	2024
144,707,176	144,707,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025	19,774	12,564	34,166	616	852	67,972
Additions	–	355	5,094	126	–	5,575
Disposals	–	–	(1,711)	(19)	(94)	(1,824)
Impairment	–	–	(1,034)	(1)	–	(1,035)
Depreciation provided during the year	(1,289)	(2,076)	(9,330)	(562)	(48)	(13,305)
At 31 December 2025	18,485	10,843	27,185	160	710	57,383
31 December 2024						
At 1 January 2024	21,063	13,401	37,905	633	1,359	74,361
Additions	–	–	12,100	291	–	12,391
Disposals	–	(818)	(3,214)	(35)	(18)	(4,085)
Impairment	–	–	(3,601)	–	(34)	(3,635)
Depreciation provided during the year	(1,289)	(19)	(9,024)	(273)	(455)	(11,060)
At 31 December 2024	19,774	12,564	34,166	616	852	67,972

The Group's buildings with a net carrying amount of approximately RMB18.5 million (31 December 2024: RMB19.8 million), and prepaid land lease payments with a net carrying amount of approximately RMB2.1 million (31 December 2024: RMB2.2 million) were pledged to Beijing Zhongguancun Guarantee Technology Financing Guarantee Co., Ltd. ("Zhongguancun Guarantee"), which guaranteed two borrowings of the Group. One of the bank borrowings amounted to RMB40 million (31 December 2024: RMB28.9 million) in principal from Bank of Beijing Co., Ltd. The loans will be due in January to December 2026 due to different maturities. The other loans amounted to RMB40.5 million (31 December 2024: RMB50.0 million) in principal from Industry Bank. The loans will be due in January to December 2026 due to different maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

On 26 March 2024, the Company entered into a sale and leaseback agreement with Maxwealth Financial Leasing Co., Ltd. ("Maxwealth leasing") for certain items of machinery of the Company. Pursuant to the agreement, the Company agreed to sell the machinery with an original cost of RMB6.8 million to Maxwealth Leasing with a selling price of RMB5.0 million and lease them back simultaneously. During the lease period, all significant risks and rewards regarding such machinery were borne by the Company. At the end of the lease period, the Company was awarded with a repurchase option to buy back the aforesaid machinery without consideration. The Company will pay a year rental fee of approximately RMB1.7 million to Maxwealth leasing in 3 years with an effective interest rate of 9%. The Company was of the opinion that the substance of the leaseback arrangement is to obtain a loan from Maxwealth Leasing with the Company's machinery as securities. At 31 December 2025, the balance of the loan from Maxwealth Leasing amounted to RMB1.62 million.

On 29 February 2024, the Company entered into a sale and leaseback agreement with Chailease International Financial Leasing Corp. ("Chailease leasing") for certain items of machinery of the Company. Pursuant to the agreement, the Company agreed to sell the machinery with an original cost of RMB3.2 million to Chailease Leasing with a selling price of RMB3 million and lease them back simultaneously. During the lease period, all significant risks and rewards regarding such machinery were borne by the Company. At the end of the lease period, the Company was awarded with a repurchase option to buy back the aforesaid machinery without consideration. The Company will pay a year rental fee of approximately RMB1.2 million to Chailease leasing in 3 years with an effective interest rate of 6.2%. The Company was of the opinion that the substance of the leaseback arrangement is to obtain a loan from Chailease Leasing with the Company's machinery as securities. At 31 December 2025, the balance of the loan from Chailease Leasing amounted to RMB1.27 million.

On 13 May 2025, the Company entered into a sale and leaseback agreement with Far East Horizon Financial Leasing Co., Ltd. ("Far East Horizon Leasing") for certain items of machinery of the Company. Pursuant to the agreement, the Company agreed to sell the machinery with an original cost of RMB1.35 million to Far East Horizon Leasing with a selling price of RMB1 million and lease them back simultaneously. During the lease period, all significant risks and rewards regarding such machinery were borne by the Company. At the end of the lease period, the Company was awarded with a repurchase option to buy back the aforesaid machinery without consideration. The Company will pay a year rental fee of approximately RMB0.41 million to Far East Horizon Leasing in 30 instalments with an effective interest rate of 17%. The Company was of the opinion that the substance of the leaseback arrangement is to obtain a loan from Far East Horizon Leasing with the Company's machinery as securities. At 31 December 2025, the balance of the loan from Far East Horizon Leasing amounted to approximately RMB0.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

During the year ended 31 December 2025, the Group has recognised an impairment loss on property, plant and equipment of RMB1 million (2024: RMB3.6 million) due to the obsolescence of the machinery. The Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of assets on machinery and motor vehicles.

The recoverable amount of property, plant and equipment has been determined based on fair value less cost of disposal. The recoverable amount is considered on the basis of valuations carried out by an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the category of property, plant and equipment being valued.

13. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost		
Net carrying amount at 1 January 2025	18,198	20,713
Depreciation provided during the year	(650)	(722)
Impairment	–	(1,793)
Net carrying amount at 31 December 2025	17,548	18,198

At 31 December 2025, the Group's investment properties with a net carrying amount of approximately RMB17.5 million (31 December 2024: RMB18.2 million) were mortgaged to Beijing Chenguang Changsheng Financing Guarantee Co., Ltd., which provided guarantees for the Group, to obtain the bank borrowings of RMB10.0 million (31 December 2024: RMB10.0 million) from Industrial and Commercial Bank of China. The loans will be due in March 2026.

The fair value of the Group's investment properties was approximately RMB18.2 million as at 31 December 2025 (2024: RMB18.2 million), as determined by the directors of the Company with reference to the valuation performed by an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Valuation was performed using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using publicly market available data. The fair value measurement of the fair value of investment properties is categorised within Level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery, and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 2 and 15 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments*	Plant and machinery	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	2,248	7,070	9,318
Additions	–	150	150
Depreciation charge	(81)	(2,808)	(2,889)
As at 31 December 2024 and 1 January 2025	2,167	4,412	6,579
Depreciation charge	(81)	(2,395)	(2,476)
As at 31 December 2025	2,086	2,017	4,103

* Details of the information about the pledges are disclosed in note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	5,625	8,733
Additions	–	150
Interest expense recognised during the year	242	418
Payments	(3,422)	(3,676)
Carrying amount at 31 December	2,445	5,625
Analysed into:		
Current portion	491	3,356
Non-current portion	1,954	2,269

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	242	418
Depreciation charge of right-of-use assets	2,476	2,889
Expense relating to short-term leases and leases of low-value assets	880	658
Total amount recognised in profit or loss	3,598	3,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15. OTHER INTANGIBLE ASSETS

	Patents and license RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
31 December 2025				
At 31 December 2024 and 1 January 2025	16,779	843	1,068	18,690
Additions	–	–	226	226
Amortisation provided during the year	(1,747)	(333)	–	(2,080)
Transfer in/(out)	1,294	–	(1,294)	–
Impairment	(3,049)	–	–	(3,049)
At 31 December 2025	13,277	510	–	13,787
	Patents and license RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
31 December 2024				
At 31 December 2023 and 1 January 2024:	19,277	1,175	6,088	26,540
Additions	457	–	2,376	2,833
Amortisation provided during the year	(2,805)	(332)	–	(3,137)
Transfer in/(out)	7,396	–	(7,396)	–
Impairment	(7,546)	–	–	(7,546)
At 31 December 2024	16,779	843	1,068	18,690

During the year ended 31 December 2025, indicators of impairment were identified due to a relatively weak market environment and actual sales performance falling short of previous expectations. Management performed an impairment assessment by estimating the recoverable amount of other intangible assets. The recoverable amount had been determined using the value in use method, which involved estimating future cash flows and discounting them at an appropriate pre-tax discount rate of 12.7% (2024:12.7%). An impairment loss of RMB3 million (2024:RMB7.5 million) was recognised for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. INVESTMENTS IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets	11,390	11,854

Particulars of the Group's joint venture as at 31 December 2025 are as follows:

Name	Registered capital	Place of registration	Proportion of ownership interest at 31 December		Principal activity
			2025	2024	
Beijing Yanqi Lake Resort Co., Ltd. ("Yanqi Lake") (北京雁栖湖度假村有限公司)	RMB105,350,000	PRC	50%	50%	Accommodation and real estate development

The above investments are directly held by the Company.

On 18 November 2020, Zhongke (Beijing) Fund Management Company Limited ("Zhongke Fund"), a previous subsidiary of the Company, transferred 50% of its equity interest in Yanqi Lake to the Company to offset due amounts owed by Zhongke Fund to the Company, as disclosed in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. INVESTMENTS IN A JOINT VENTURE *(continued)*

The following table illustrates the summarised financial information in respect of Yanqi Lake adjusted for any differences in accounting policies in a joint venture in the financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	94	92
Non-current assets	68,978	68,978
Current liabilities	(13,165)	(13,067)
Non-current liabilities	(37,094)	(37,094)
Net assets	18,813	18,909
Share of the joint venture's results:		
Total expenses	(96)	(198)
Net loss	(96)	(198)

17. INVESTMENTS IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	62,401	62,259

Particulars of the associate is as follows:

Name	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Sinofn (Tianjin) Pharm-Tech Co., Ltd. ("Sinofn Tianjin") (中恩(天津)醫藥科技有限公司)	PRC	39.21%	Wholesale of pre-packaged healthcare food

Sinofn Tianjin is considered a material associate of the Group, which is engaged in the manufacture and wholesale of pre-packaged healthcare food and is accounted for using the equity method.

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FOR THE YEAR ENDED 31 DECEMBER 2025

17. INVESTMENTS IN AN ASSOCIATE *(continued)*

The following table illustrates the summarised financial information in respect of Sinofn Tianjin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	60,653	38,038
Non-current assets, excluding goodwill	169,155	174,993
Current liabilities	(63,646)	(38,558)
Non-current liabilities	(7,010)	(15,689)
Net assets	159,152	158,784
Reconciliation to carrying amounts:		
Opening net assets	158,784	169,592
Profit/(loss) for the year	368	(808)
Dividend declared	–	(10,000)
Closing net assets	159,152	158,784
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	39.21%	39.21%
Group's share of net assets of the associate	62,401	62,259
Carrying amount of the investment	62,401	62,259
Revenue	117,630	109,295
Profit/(loss) for the year	368	(808)
Total comprehensive income for the year	368	(808)

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FOR THE YEAR ENDED 31 DECEMBER 2025

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	17,348	23,554
Work in progress	3,939	3,883
Finished goods	36,501	40,665
	57,788	68,102
Less: Provision for inventories	(14,182)	(14,341)
	43,606	53,761

19. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade and bills receivables	117,645	127,845
Less: Loss allowances for impairment	(10,965)	(6,301)
	106,680	121,544

The Group's customers include established customers and distributor customers. The established customers represent the hospital customers which purchased the Group's products for clinical, physical examination or scientific research uses. Except for certain established customers of the Group, which have been granted with payment terms ranging from four to twelve months, the credit periods of the Group granted to its customers are generally 3 months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. TRADE AND BILLS RECEIVABLES *(continued)*

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	21,816	33,801
4 to 6 months	15,510	20,919
7 to 12 months	26,887	27,428
1 to 2 years	28,889	31,690
Over 2 years	13,578	7,706
	106,680	121,544

An ageing analysis of the trade and bills receivables by type of customers as at the end of the reporting period, net of loss allowance, is as follows:

	Established	Other	Total
	customers	customers	RMB'000
	RMB'000	RMB'000	RMB'000
Within 1 year	50,378	13,835	64,213
1 to 2 years	28,390	499	28,889
Over 2 years	13,288	290	13,578
	92,056	14,624	106,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. TRADE AND BILLS RECEIVABLES *(continued)*

The movements in loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	6,301	4,502
Impairment losses <i>(note 6)</i>	4,670	5,664
Amounts written off as uncollectible	(6)	(3,865)
At end of year	10,965	6,301

The established customers namely, public hospitals, have no intention not to comply with their payment obligations in the respective contracts. Therefore, the Group expect a very low risk of non-collection of the overdue amounts from such established customers in general. Expected credit losses for these customers are assessed on an individual basis, taking into account the ageing of receivables, historical collection patterns, and forward-looking information. Other customers was mainly distributors. For distributors, the Group uses a provision matrix to perform an impairment analysis of trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses of other customers. The provision rates are based on the days from the billing date for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. TRADE AND BILLS RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables for established customers and other customers:

As at 31 December 2025

	Gross amount RMB'000	Loss allowance RMB'000	Expected loss rate %
Assessed using a provision matrix			
Current	10,622	–	–
Less than 1 year	3,299	86	3
1 to 2 years	581	82	14
Over 2 Years	1,954	1,664	85
Assessed individually	101,189	9,133	9
Total	117,645	10,965	

As at 31 December 2024

	Gross amount RMB'000	Loss allowance RMB'000	Expected loss rate %
Assessed using a provision matrix			
Current	17,849	–	–
Less than 1 year	3,067	205	7
1 to 2 years	1,680	459	27
Over 2 Years	5,119	3,666	72
Assessed individually	100,130	1,971	2
Total	127,845	6,301	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Due from Zhongke Fund	(a)	31,103	31,156
Prepayments		4,235	3,983
Deposits and other receivables		2,874	8,597
		38,212	43,736
Less: Loss allowances for impairment	(b)	(2,015)	(1,849)
		36,197	41,887

- (a) The Company sold its 51% equity interest in Zhongke Fund to Beijing Hengxing Huawei Commerce Co., Ltd. ("Beijing Hengxing") on 25 December 2019. Zhongke Fund ceased to be a subsidiary of the Company thereafter. Before the disposal, the Company had provided loans to Zhongke Fund with the principals of RMB163.2 million and interest of RMB21.1 million to support its business operation; and the aggregated amounts due on 31 December 2019 totalled to RMB184.3 million. These loans had various repayment dates with different interest rates.

On 26 December 2019, the Company, Zhongke Fund, Yanqi Lake and Ms. Lin Rongjia, the 70% equity interest holder of Beijing Hengxing, entered into a facility and guarantee agreement regarding the repayment of payables amounting to RMB184.3 million owed by Zhongke Fund. Pursuant to the agreement:

- (i) RMB184.3 million shall be repaid by Zhongke Fund on or before 30 June 2020; and
- (ii) a guarantee was given by each of Yanqi Lake and Ms. Lin Rongjia jointly in favour of the Company to guarantee Zhongke Fund's repayment of all amounts due under the facility and guarantee agreement.

The Company estimated the expected cash shortfalls on the existing conditions and information available before/ as of 31 December 2019 (including but not limited to the probable recoverable amounts from the guarantee provided by each of Yanqi Lake and Ms. Lin Rongjia jointly in favour of the Company on 26 December 2019). According to the PRC laws, Yanqi Lake and Ms. Lin Rongjia, being the guarantors, are liable to settle the outstanding amount caused by Zhongke Fund's default with three properties which could be claimed under the guarantee. The Company recognised an expected credit loss of RMB138.5 million for these amounts due from Zhongke Fund on 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

(a) (Continued)

On 27 October 2020, the Company, Zhongke Fund, Yanqi Lake and Ms. Lin Rongjia proceeded to Beijing Association for Alternative Dispute Resolution to mediate the settlement issue in relation to RMB184.3 million payable by Zhongke Fund, previously specified in the facility and guarantee agreement dated 26 December 2019.

As of 30 June 2020, Zhongke Fund repaid RMB10.0 million to the Company, and the accumulate interest expense was approximately RMB8.5 million. The total receivables amounted to RMB182.8 million.

On 5 November 2020, all the four parties received a civil judgement (the "Civil Judgement") from the No. 1 Intermediate People's Court of Beijing Municipality ruling that the agreement reached among all four parties at the mediation is valid and all parties shall perform their respective obligations thereunder. Should any party fail to perform its obligation(s), the other parties may apply to the People's Court to enforce the Civil Judgement. A summary of the said mediation agreement reached by the four parties is set out as follows:

- (1) Zhongke Fund shall transfer 50% of its equity interest in Yanqi Lake to the Company before 13 November 2020 for the purpose of offsetting RMB145.0 million owed by Zhongke Fund to the Company under the facility and guarantee agreement; and
- (2) Zhongke Fund shall repay in cash the remaining balance of the outstanding principals and interest in the total amount of RMB37.8 million to the before 30 November 2020, the responsibility of which are jointly guaranteed by Yanqi Lake and Ms. Lin Rongjia.

On 18 November 2020, Zhongke Fund completed the transfer of 50% of its equity interest in Yanqi Lake to the Company, and the expected credit loss of RMB138.5 million was reversed. As of 31 December 2020, Due from Zhongke Fund amounted to RMB 37.8 million.

From 2021 to 2025, the Company received RMB6.7 million in total in cash.

In 2025, the fair value of the land use rights and building held by Yanqi Lake together with the guarantees provided by guarantors was approximately RMB51.8 million (2024: RMB71 million) based on the Company's estimate.

- (b) For financial assets included in deposits and other receivables, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

21. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	43,520	68,213

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	11,448	21,543
4 to 6 months	2,423	7,390
7 to 12 months	6,626	11,494
1 to 2 years	14,351	33,946
Over 2 years	27,821	12,735
	62,669	87,108

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 90 days. The balance with ageing over 1 year is generally due to that the vendors extended their credit terms to the Group.

23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables	38,626	30,893
Salaries and welfare payables	15,915	10,173
Contract liabilities	10,010	6,742
Accrued expenses	–	466
Other tax payable	799	2,797
Due to a shareholder	–	4,500
Accrued interests	–	3,183
	65,350	58,754

(a) The balance as at 31 December 2024 represented the amount due to the Institute of Biophysics (“IBP”), which indirectly held 21.64% equity interest of the Group, included an accrued technical service fee of RMB4.5 million for the right to use technical know-how held by IBP. The amount due to IBP is unsecured, interest-free and has no fixed terms of repayment. As of 31 December 2025, IBP has ceased to be a shareholder of the Company.

(b) Contract liabilities include short-term advances received to deliver in-vitro diagnostic products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate per annum (%)	Maturity	RMB'000	Effective interest rate per annum (%)	Maturity	RMB'000
Current						
Bank loans – secured	3.00-3.20	2026	88,500	3.45-4.15	2025	78,900
Bank loans – unsecured	2.45-10.63	2026	54,026	2.80-5.00	2025	51,804
Other loans – secured	14-18	2026	2,886	14-18	2025	2,961
Other loans – unsecured	9	2026	6,484	9	2025	10,000
			151,896			143,665
Non-current						
Other loans – secured	14-18	2027	645	14-18	2027	2,596
Bank loans – unsecured	3.05-10.63	2027-2028	7,928	3.60	2026	1,960
			160,469			148,221

Analysed into:

Bank and other borrowings repayable:

Within one year

In the second to third years, inclusive

2025 RMB'000	2024 RMB'000
151,896	143,665
8,573	4,556
160,469	148,221

Details of the pledged assets for the secured interest-bearing bank and other borrowings are disclosed in note 12 and note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets

	2025					
	Accrued expenses RMB'000	Impairment of assets RMB'000	Tax losses RMB'000	Expected credit losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	559	2,411	1,006	174	1,215	5,365
Deferred tax (credited)/charged to the statement of profit or loss during the year (note 10)	(559)	(10)	4,608	207	(252)	3,994
At 31 December 2025	–	2,401	5,614	381	963	9,359

	2024					
	Accrued expenses RMB'000	Impairment of assets RMB'000	Tax losses RMB'000	Expected credit losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	446	2,676	–	–	107	3,229
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	113	(265)	1,006	174	1,108	2,136
At 31 December 2024	559	2,411	1,006	174	1,215	5,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX *(continued)*

Deferred tax liabilities

	2025		
	Depreciation of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	192	2,993	3,185
Deferred tax credited to the statement of profit or loss during the year (note 10)	50	–	50
At 31 December 2025	242	2,993	3,235

	2024		
	Depreciation of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	2,554	3,008	5,562
Deferred tax charged to the statement of profit or loss during the year (note 10)	(2,362)	(15)	(2,377)
At 31 December 2024	192	2,993	3,185

The Group has tax losses arising in Chinese Mainland of RMB229,603,000 (2024: RMB194,715,000) that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams that taxable profits will be available against which the tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. SHARE CAPITAL

Registered, issued and fully paid:

80,421,033 (2024: 80,421,033) domestic shares of RMB 1 each

64,286,143 (2024: 64,286,143) H shares of RMB 1 each

2025	2024
RMB' 000	RMB' 000
80,421	80,421
64,286	64,286
144,707	144,707

27. RESERVES

	Capital reserves RMB' 000	Statutory reserves RMB' 000	Exchange reserves RMB' 000	Fair value reserve of financial assets at fair value through other comprehensive income RMB' 000	Accumulated losses RMB' 000	Total RMB' 000
At 1 January 2025	140,820	49,459	(164)	(1,005)	(166,012)	23,098
Loss for the year	-	-	-	-	(51,142)	(51,142)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	10	-	-	10
Total comprehensive Income for the year	-	-	10	-	(51,142)	(51,132)
Contributions from non-controlling shareholders of a subsidiary (note(a))	3,510	-	-	-	-	3,510
At 31 December 2025	144,330	49,459	(154)	(1,005)	(217,154)	(24,524)

- (a) In 2025, non-controlling interests increased its paid-in capital in Biosino Suzhou, which increased the reserve by RMB3,510,000 and decreased the non-controlling interests by RMB10,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RESERVES (continued)

	Capital reserves RMB' 000	Statutory reserves RMB' 000	Exchange reserves RMB' 000	Fair value reserve of financial assets at fair value through other comprehensive income RMB' 000	Accumulated losses RMB' 000	Total RMB' 000
At 1 January 2024	140,820	49,459	(114)	(1,005)	(123,480)	65,680
Loss for the year	-	-	-	-	(42,532)	(42,532)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	(50)	-	-	(50)
Total comprehensive Income for the year	-	-	(50)	-	(42,532)	(42,582)
At 31 December 2024	140,820	49,459	(164)	(1,005)	(166,012)	23,098

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Zhongsheng Jinyu	54.10%	54.10%
Anhui Biosino	49.00%	49.00%
Biosino Suzhou	17.01%	17.01%
(Loss)/profit for the year allocated to non-controlling interests:		
Zhongsheng Jinyu	(10,421)	(11,425)
Anhui Biosino	(86)	918
Biosino Suzhou	(2,962)	(3,284)
Accumulated balances of non-controlling interests at the reporting dates:		
Zhongsheng Jinyu	(13,416)	(2,996)
Anhui Biosino	18,274	18,360
Biosino Suzhou	(10,419)	(8,052)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company elimination:

	Zhongsheng Jinyu RMB'000	Anhui Biosino RMB'000	Biosino Suzhou RMB'000
2025			
Revenue	23,732	33,229	24,648
Total expenses	(42,994)	(33,405)	(42,062)
Loss for the year	(19,262)	(176)	(17,414)
Total comprehensive income for the year	(19,262)	(176)	(17,414)
Current assets	21,032	94,226	13,259
Non-current assets	7,084	6,706	21,690
Current liabilities	46,626	66,044	96,010
Non-current liabilities	7,838	144	2,356
Net (liabilities)/assets	(26,348)	34,744	(63,417)
Non-controlling interests	(13,416)	18,274	(10,419)
Net cash flows used in operating activities	(178)	(17,598)	(12,537)
Net cash flows (used in)/from investing activities	(354)	(2,158)	499
Net cash flows from financing activities	1,513	6,429	13,324
Net increase/(decrease) in cash and cash equivalents	981	(13,327)	1,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(continued)

	Zhongsheng Jinyu RMB'000	Anhui Biosino RMB'000	Biosino Suzhou RMB'000
2024			
Revenue	28,405	48,029	33,303
Total expenses	(49,523)	(46,156)	(52,607)
Profit/(loss) for the year	(21,118)	1,873	(19,304)
Total comprehensive income for the year	(21,118)	1,873	(19,304)
Current assets	23,012	105,971	13,568
Non-current assets	14,587	6,076	24,432
Current liabilities	41,752	76,874	85,310
Non-current liabilities	2,933	253	2,192
Net assets/(liabilities)	(7,086)	34,920	(49,502)
Non-controlling interests	(2,996)	18,360	(8,052)
Net cash flows from/(used in) operating activities	(1,293)	10,430	(7,378)
Net cash flows used in investing activities	(2,886)	(4,930)	(1,766)
Net cash flows from/(used in) financing activities	2,561	(5,911)	1,651
Net decrease in cash and cash equivalents	(1,618)	(411)	(7,493)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2025

	Bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2025	148,221	5,625
Accretion of interest expenses	6,566	242
Repayment of interest expenses	(6,566)	–
Changes from financing cash flows	12,248	(3,422)
At 31 December 2025	160,469	2,445

2024

	Bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	142,717	8,733
Accretion of interest expenses	8,881	418
Repayment of interest expenses	(8,881)	–
Other non-cash movement	–	150
Changes from financing cash flows	5,504	(3,676)
At 31 December 2024	148,221	5,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within financing activities	(3,422)	(3,676)

30. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Counter-guarantees given to a security company in connection with loans	10,000	2,000

31. COMMITMENTS

The Group had no capital commitments at the end of the reporting period.

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Annual technical service fee to IBP*	–	458
Sales of product		
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*	751
Purchase of products and materials		
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*	859

* Institute of Biophysics ceased to be a connected person of the Company on 31 December 2025. Anhui Guoke Kangyi Medical Technology Co., Ltd. ceased to be a connected person of the Company on 1 April 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Other payable		
IBP	*	4,500
Trade receivables		
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*	–
Trade payables		
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*	290

* Institute of Biophysics ceased to be a connected person of the Company on 31 December 2025. Anhui Guoke Kangyi Medical Technology Co., Ltd. ceased to be a connected person of the Company on 1 April 2024.

(c) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	4,066	6,434
Post-employment benefits	365	464
Total compensation paid to key management personnel	4,431	6,898

Further details of directors' and supervisors' emoluments are included in note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at amortised cost RMB'000
Long-term receivables	500
Financial assets at fair value through other comprehensive income	650
Trade and bills receivables	106,680
Financial assets included in other receivables and other assets	31,962
Cash and cash equivalents	43,520
	183,312

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	160,469
Trade payables	62,669
Lease liabilities	2,445
Financial liabilities included in other payables and accruals	38,626
	264,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000
Long-term receivables	500
Financial assets at fair value through other comprehensive income	550
Trade and bills receivables	121,544
Financial assets included in other receivables and other assets	37,904
Cash and cash equivalents	68,213
	<u>228,711</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	148,221
Trade payables	87,108
Lease liabilities	5,625
Financial liabilities included in other payables and accruals	38,576
	<u>279,530</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operation.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

In the opinion of the directors, the Group has no significant concentration of interest rate risk since the interest rates of the Group's loans are not floating.

Foreign currency risk

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic products from overseas countries for resale in the PRC and there are administrative expenses incurred by a Canadian subsidiary. A small amount of cash denominated in Hong Kong dollars ("HK\$") is placed in bank accounts in Hong Kong for payments of miscellaneous expenses such as professional fees incurred in Hong Kong. In the opinion of the directors, the Group has no significant concentration of foreign currency risk.

Credit risk

The Group is exposed to credit risk in relation to its trade and bills receivables, other receivables, and cash and cash equivalents.

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

The Group trades only with recognised and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and other receivables are widely dispersed. The expected credit losses for trade receivables are disclosed in note 19. Financial assets included in prepayments, other receivables and other assets mainly represent other receivables from employees, advances and deposits with suppliers. Credit risk is managed by analysis by counterparties, as no comparable companies with credit ratings can be identified. Expected credit losses are estimated with reference to the historical loss record of the Group and other reasonable forward-looking information, which resulted in expected credit losses of RMB4,836,000 as at December 31, 2025 (2024: RMB6,528,000). In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group is exposed to liquidity risk arising from recurring operating losses, net current liabilities and debt maturities within the next twelve months. Management monitors liquidity closely and has undertaken measures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				Total RMB'000
	On demand or less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	55,961	96,175	9,049	–	161,185
Lease liabilities	126	491	1,479	475	2,571
Trade payables	62,669	–	–	–	62,669
Financial liabilities included in other payable and accruals	38,626	–	–	–	38,626
	157,382	96,666	10,528	475	265,051

	2024				Total RMB'000
	On demand or less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	57,226	89,639	5,556	–	152,421
Lease liabilities	1,247	3,805	1,990	–	7,042
Trade payables	87,108	–	–	–	87,108
Financial liabilities included in other payable and accruals	38,576	–	–	–	38,576
	184,157	93,444	7,546	–	285,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio which is the total liabilities divided by the total assets.

The gearing ratios are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total liabilities	294,169	302,905
Total assets	407,124	477,372
Gearing ratio	72.26%	63.45%

35. DIVIDENDS

No dividend was paid or proposed during the year of 2025, nor has any dividend been proposed since the end of reporting period (2024: Nil). There are no income tax consequences related the payment of dividends by the Company to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	36,265	43,406
Other intangible assets	2,380	2,749
Investments in an associate	62,401	62,259
Investments in a joint venture	11,390	11,854
Investments in subsidiaries	40,644	43,303
Long-term receivables	500	500
Deferred tax assets	9,085	4,536
Total non-current assets	162,665	168,607
CURRENT ASSETS		
Inventories	19,904	24,291
Trade and bills receivables	26,308	46,386
Prepayments, other receivables and other assets	98,801	101,596
Cash and cash equivalents	24,762	38,544
Total current assets	169,775	210,817
CURRENT LIABILITIES		
Trade payables	5,913	11,532
Other payables and accruals	45,479	48,626
Interest-bearing bank and other borrowings	90,500	98,900
Total current liabilities	141,892	159,058
NET CURRENT ASSETS	27,883	51,759
TOTAL ASSETS LESS CURRENT LIABILITIES	190,548	220,366
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	307	1,623
Deferred tax liabilities	3,117	2,993
Total non-current liabilities	3,424	4,616
Net assets	187,124	215,750
EQUITY		
Share capital	144,707	144,707
Reserves	42,417	71,043
Total equity	187,124	215,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	80,486	43,753	30,880	155,119
Total comprehensive income for the year	–	–	(84,076)	(84,076)
At 31 December 2024 and 1 January 2025	80,486	43,753	(53,196)	71,043
Total comprehensive income for the year	–	–	(28,626)	(28,626)
At 31 December 2025	80,486	43,753	(81,822)	42,417

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years is set out below.

RESULTS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	184,291	263,069	289,073	373,071	348,225
PROFIT/(LOSS) BEFORE TAX	(67,249)	(59,720)	(17,613)	18,516	6,407
TAX	2,227	2,831	(1,628)	(4,314)	(3,247)
PROFIT/(LOSS) FOR THE YEAR	(65,022)	(56,889)	(19,241)	14,202	3,160
ATTRIBUTABLE TO:					
Owners of the parent	(51,142)	(42,532)	(11,648)	8,106	(1,140)
Non-controlling interests	(13,880)	(14,357)	(7,593)	6,096	4,300
	(65,022)	(56,889)	(19,241)	14,202	3,160

FIVE YEAR FINANCIAL SUMMARY

ASSETS, LIABILITIES AND EQUITY

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
TOTAL ASSETS	407,124	477,372	563,251	603,244	607,761
TOTAL LIABILITIES	(294,169)	(302,905)	(331,847)	(369,137)	(408,349)
NET ASSETS	112,955	174,467	231,404	234,107	199,412
REPRESENTED BY:					
EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE PARENT	120,183	167,805	210,387	205,849	176,174
NON-CONTROLLING INTERESTS	(7,228)	6,662	21,017	28,258	23,238
TOTAL EQUITY	112,955	174,467	231,404	234,107	199,412