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Baijin Life Science Holdings Limited
佰金生命科學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO (1) THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025; AND (2) NON-FULFILLMENT OF ACCUMULATED PROFIT GUARANTEE IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN TONNETT JULIS HOLDINGS LIMITED

SUPPLEMENTAL INFORMATION TO THE 2025 ANNUAL REPORT

Reference is made to the annual report of Baijin Life Science Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 March 2025 (the "**2025 Annual Report**") published on 21 August 2025, and the announcement dated 25 June 2025 in relation to the delay in publication of annual results for the year ended 31 March 2025 (the "**Delay in 2025 Results Announcement**"). Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as those set out in the 2025 Annual Report and the Delay in 2025 Results Announcement.

The Company wishes to provide shareholders of the Company and the public with additional information in relation to the 2025 Annual Report as follows:

Reasons for Impairment of Goodwill

As stated in the 2025 Annual Report, the Group recognised impairment loss on goodwill of approximately HK$20,000,000 (the "**Goodwill Impairment**").

For the year ended 31 March 2025, the management of the Group (the "**Management**") conducted impairment assessments with the assistance of independent external valuers by evaluating the recoverable amount of Tonnett Group, to which the goodwill is allocated, using the value-in-use approach based on discount cashflow forecasts. The Goodwill Impairment was recognised due to (i) actual performance of Tonnet Group (i.e. skincare business segment of the Group) not meeting that originally forecasted at the time of Acquisition and (ii) revised forecast of the performance of Tonnet Group after 31 March 2025.

Since the Acquisition and up until 31 March 2025, the actual performance of the Tonnet Group (i.e. the skincare business segment of the Group) differed from that originally forecasted, primarily due to the following facts and circumstances:

(i) *Distribution model:* Tonnett Group shifted its sales strategy towards partnering with large distributors as a result of negative developments in the online sales channel of the skincare business observed by the Management in March 2024. Such negative developments diverged the Company from the original plan to put more strategic emphasis on developing online sales and promotion of its skincare products, especially through Key Opinion Leaders (KOL).

The key observations included:

— Income from sales of skincare products from online distributors, including KOLs and distributors on social media platforms, saw a declining trend as a result of a shift in platforms' policies that altered income distribution methods and a general decline in the growth momentum of sales on online platforms.

— A major online distributor deviated from the original sales arrangement by selling competitive products. While this distributor has since discontinued selling these inferior products due to low customer demand, this incident resulted in a direct financial loss and revealed a significant vulnerability in the Company's online sales strategy.

— The Company's Referral Programme generated stronger results through beauty therapists than through Key Opinion Consumers (KOCs), and the Company noticed that beauty therapists demonstrated a greater sales interest in promoting the FO Beauty Salon Skincare Products over the FO Home Skincare Products.

Since March 2024, the Company has begun exploring a pivot away from dispersing resources in online sales towards focusing on partnerships with larger distributors (i.e., beauty therapists with access to a vast network of beauty salons). Concurrently, the skincare business unit began evaluating the establishment of a flagship beauty club. This initiative was intended to leverage the Company's R&D capabilities, drive product adoption among beauty therapists, solidify the "FO" brand as a skincare product and a beauty services provider, and lay the groundwork for growing the Company's offline sales network to end-customers through increased local market presence. While the Company believed that this transition would be beneficial in the long term, it has contributed to a temporary decrease in revenue from sales of skincare products. On the other hand, some online distributors also underperformed during the year, contributing to a weaker-than-expected revenue from distributor sales.

(ii) *Flagship beauty club:* The Company allocated resources towards the initial development and promotion of the flagship beauty club, which impacted the distribution of efforts towards existing business operations.

On the other hand, the growth projections of Tonnet Group (i.e. the skincare business segment of the Group) as at 31 March 2025 was also revised taking into account (i) existing signed sales contracts and annualised actual revenue achieved in the second quarter of 2025 and the pronounced seasonality in operations which resulted in sales revenue being concentrated in the second half of the year, (ii) Tonnett Group's restructuring of its original operational team, which included changes in the former business leadership. While the integration of the new team required a period of adjustment, this process had been largely completed. The Management anticipated that the enhanced expertise and realigned structure would contribute to improved operational performance in the second half of the year, and (iii) the alignment of post-2026 growth rate assumption with reference to publicly available data regarding the Chinese skincare market.

Enhanced Internal Control for Delay in Publication of Annual Results

As disclosed in the Delay in 2025 Results Announcement, there was a delay in the publication of the 2025 Annual Results due to the handover process following the Change in Subsidiaries' Management, which took longer than anticipated. To prevent any future delay in the publication of annual results, the Company has already implemented the following internal control measures:

(i) The Company has formalised a comprehensive handover protocol, which included implementing mandatory transition reviews and confirmation by Management to verify completeness and accuracy of handovers;

(ii) The Company has formulated a timeline for the preparation of monthly management accounts across all subsidiaries;

(iii) The Company has implemented cross-functional reviews of the monthly management accounts;

(iv) The Company has established a dedicated financial reporting task force, which conducts monthly reviews throughout the financial reporting cycle and thorough quarterly evaluations to enhance the accuracy and efficiency of financial statement preparation. This task force is led by the Company's Executive Director and Chief Financial Officer, Mr. Cheung Sze Ming ("**Mr. Cheung**"), and supported by the Finance Manager, who liaise with the accounting manager of the subsidiaries of the jewellery business unit to ensure the timely provision of information and documents and to oversee the review of these measures; and

(v) The Company has designated Mr. Cheung, as the Chief Financial Officer of the Group, to liaise with auditors, establish an agreed-upon audit timeline, and monitor progress. A comprehensive audit plan, aligned with auditors on scope and resources, will be established before year-end and shared with and presented to the Audit Committee after the auditors complete it but before the year-end date. Latest management accounts will be reviewed by designated financial managers and approved by Mr. Cheung for provision to auditors to support audit planning. For the annual audit, year-end management accounts will be reviewed by designated financial managers, approved by Mr. Cheung, and provided to auditors promptly after year-end to prevent delays. Mr. Cheung also regularly updates the Audit Committee on audit status, promptly implement their recommendations, and work closely with auditors to address any requests they make.

PAYMENT OF COMPENSATION AMOUNT AS A RESULT OF THE NON-FULFILLMENT OF PROFIT GUARANTEE

Reference is made to the announcement of the Company dated 29 June 2023, 30 November 2023 and 29 December 2023 and the circular of the Company dated 25 January 2024 (the "**Circular**") in relation to the acquisition of the entire equity interest in Tonnett Julis Holdings Limited and the announcement dated 25 July 2025 in relation to the non-fulfillment of accumulated profit guarantee (the "**Profit Guarantee Announcement**").

As disclosed in the Profit Guarantee Announcement, Tonnet Group did not satisfy the Accumulated Profit Guarantees as defined. The Company wishes to confirm that the Vendor has fulfilled its obligation under the guarantee and has fully settled the Compensation Amount of HK$41,969,866.

By order of the Board
BAIJIN LIFE SCIENCE HOLDINGS LIMITED
Cheung Sze Ming
Executive Director

Hong Kong, 18 November 2025

As at the date of this announcement, the Board comprises Mr. Cheung Sze Ming, Mr. Dong Peng and Dr. Su Yaoyao as executive Directors; Mr. Zhu Yongjun, Mr. Cheng Chi Kin and Ms. Xie Chunchen as non-executive Directors; Mr. Wong Siu Keung Joe, Mr. Chang Chunyu and Mr. Lee Ka Leung Daniel as independent non-executive Directors.