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BEIJING TONG REN TANG CHINESE MEDICINE COMPANY LIMITED

北京同仁堂國藥有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3613)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2025	2024	
	HK\$'000	HK\$'000	
Revenue	1,513,357	1,611,644	-6.1%
Gross profit	925,576	1,065,329	-13.1%
Profit for the year	416,859	529,167	-21.2%
Profit attributable to owners of the Company	397,216	500,278	-20.6%
Basic and diluted earnings per share	HK\$0.47	HK\$0.60	-HK\$0.13
Proposed final dividend per ordinary share	HK\$0.37	HK\$0.35	+HK\$0.02
Proposed special dividend per ordinary share	HK\$0.03	-	+HK\$0.03
	As at 31 December		
	2025	2024	Change
	HK\$'000	HK\$'000	
Cash and bank balances	2,279,224	1,819,753	+25.2%
Inventories	1,341,633	1,589,016	-15.6%
Total assets	4,660,738	4,559,525	+2.2%
Total equity	4,368,861	4,246,434	+2.9%

RESULTS

The board of directors (the “**Board**”) of Beijing Tong Ren Tang Chinese Medicine Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Notes	2025	2024
		HK\$'000	HK\$'000
Revenue	3	1,513,357	1,611,644
Cost of sales	5	(587,781)	(546,315)
Gross profit		925,576	1,065,329
Distribution and selling expenses	5	(207,131)	(300,205)
General and administrative expenses	5	(183,280)	(191,791)
Net impairment losses on financial assets	5	(61,586)	(1,949)
Other gains, net	4	(1,340)	5,540
Operating profit		472,239	576,924
Finance income		46,835	57,274
Finance costs		(5,660)	(6,481)
Finance income, net		41,175	50,793
Share of profits/(losses) of investments accounted for using the equity method		(8,725)	2,056
Profit before income tax		504,689	629,773
Income tax expense	6	(87,830)	(100,606)
Profit for the year		416,859	529,167
Profit attributable to:			
Owners of the Company		397,216	500,278
Non-controlling interests		19,643	28,889
		416,859	529,167
Earnings per share attributable to owners of the Company for the year (expressed in HK\$ per share)			
Basic and diluted earnings per share	7	0.47	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Profit for the year	416,859	529,167
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences attributable to owners of the Company	7,452	(15,520)
Share of other comprehensive income of joint ventures	718	110
Share of other comprehensive income/(loss) of associates	693	(588)
Reclassification adjustment for a foreign operation disposed of during the year attributable to owners	25	-
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of financial asset at fair value through other comprehensive income/(loss)	(1,830)	810
Currency translation differences attributable to non-controlling interest, net	2,124	(3,382)
Reclassification adjustment for a foreign operation disposed of during the year attributable to non-controlling interest, net	(958)	-
Other comprehensive income/(losses) for the year	8,224	(18,570)
Total comprehensive income for the year	425,083	510,597
Attributable to:		
Owners of the Company	404,274	485,090
Non-controlling interests	20,809	25,507
Total comprehensive income for the year	425,083	510,597

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2025 HK\$'000	2024 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		225,460	211,111
Right-of-use assets		200,008	201,234
Intangible assets		64,494	67,313
Investments accounted for using equity method		42,585	53,546
Financial asset at fair value through other comprehensive income		6,813	8,643
Prepayments and deposits		24,361	16,445
Deferred income tax assets, net		32,261	35,486
		<u>595,982</u>	<u>593,778</u>
Current assets			
Inventories	9	1,341,633	1,589,016
Trade receivables and other current assets	10	443,899	556,978
Short-term bank deposits with original maturities exceeding three months		51,377	46,679
Cash and cash equivalents		2,227,847	1,773,074
		<u>4,064,756</u>	<u>3,965,747</u>
Total assets		<u><u>4,660,738</u></u>	<u><u>4,559,525</u></u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		938,789	938,789
Reserves			
- Other reserves		(50,078)	(58,377)
- Retained earnings		3,299,179	3,194,948
		<u>4,187,890</u>	<u>4,075,360</u>
Non-controlling interests		<u>180,971</u>	<u>171,074</u>
Total equity		<u><u>4,368,861</u></u>	<u><u>4,246,434</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 31 December	
		2025	2024
		HK\$'000	HK\$'000
Liabilities	Note		
Non-current liabilities			
Borrowings		71	142
Lease liabilities		74,171	65,799
Deferred income tax liabilities, net		7,185	8,708
Retirement benefit obligations		3,602	3,088
		85,029	77,737
Current liabilities			
Borrowings		71	71
Trade and other payables	11	125,611	157,308
Lease liabilities		52,227	57,408
Current income tax liabilities		28,939	20,567
		206,848	235,354
Total liabilities		291,877	313,091
Total equity and liabilities		4,660,738	4,559,525

Notes:

1 General information

The Group is engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments. The immediate holding company of the Company is Tong Ren Tang Technologies Co. Ltd. (“**Tong Ren Tang Technologies**”) which is a joint stock limited company established in the People’s Republic of China (the “**PRC**”) and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The intermediate holding company of the Company is Beijing Tong Ren Tang Company Limited (“**Tong Ren Tang Ltd.**”) which is a joint stock limited company incorporated in the PRC and is listed on the Shanghai Stock Exchange. The ultimate holding company of the Company is China Beijing Tong Ren Tang Group Co., Ltd. (“**Tong Ren Tang Holdings**”) which is a company incorporated in the PRC.

The shares of the Company were listed on GEM of the Stock Exchange starting from 7 May 2013 and were transferred to be listed on the Main Board of the Stock Exchange starting from 29 May 2018.

2 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which comprise all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance (“**Companies Ordinance**”). They have been prepared under the historical cost convention, except for financial asset at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The financial results relating to the years ended 31 December 2025 and 2024 included in this preliminary announcement of annual results 2025 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 in due course.

The Company’s auditors has reported on the financial statements of the Group for both years. The independent auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 Basis of preparation (continued)

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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.

2 Basis of preparation (continued)

(a) Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

(b) Issued but not yet effective HKFRS Accounting Standards

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁽²⁾
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ⁽²⁾
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ⁽¹⁾
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ⁽¹⁾
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁽³⁾
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ⁽²⁾
Annual Improvements to HKFRS Accounting Standards - Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ⁽¹⁾

(1) Effective for annual periods beginning on or after 1 January 2026

(2) Effective for annual/reporting periods beginning on or after 1 January 2027

(3) No mandatory effective date yet determined but available for adoption

2 Basis of preparation (continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below:

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for the above situation, the above new and amended HKFRS Accounting Standards do not expect to have a material impact on the financial statements of the Group. The Group will adopt the new and amended standards when they become effective.

3 Segment information

The chief operating decision makers have been identified as the executive directors and the non-executive director of the Company (the “**Executive Directors**” and the “**Non-executive Director**”). The Executive Directors and the Non-executive Director review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

The Executive Directors and the Non-executive Director assess the performance of the operating segments based on revenue and segment results of each segment. The Executive Directors and the Non-executive Director have determined the operating segments based on the location of the Group entities and the information reviewed by the Group's chief operating decision makers for the purposes of allocating resources and assessing performance and have determined that the Group has three reportable operating segments.

3 Segment information (continued)

The geographical location of revenue is analysed based on location of the Group entities. The details are set out as follows:

- (i) Hong Kong (the Hong Kong Special Administrative Region of the PRC) - sale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments through retail outlets as well as wholesale of Chinese medicine products and healthcare products in Hong Kong. In addition, it includes the royalty fee income received from overseas entities for using “Tong Ren Tang” brand name.
- (ii) The Chinese mainland (for the purpose of this announcement, regions of China other than Hong Kong, the Macao Special Administrative Region of the PRC (“**Macao**”) and Taiwan China) - wholesale of healthcare products in the Chinese mainland and the sole distribution of “Tong Ren Tang” branded products of Tong Ren Tang Technologies and Tong Ren Tang Ltd. to customers outside the Chinese mainland.
- (iii) Overseas (countries/regions other than (i) and (ii) as mentioned, for the purpose of this announcement, including Macao) - retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments in other overseas countries/regions, including Macao.

Segment assets include property, plant and equipment, right-of-use assets, intangible assets, investments accounted for using the equity method, financial asset at fair value through other comprehensive income, prepayments and deposits, deferred income tax assets, inventories, trade receivables and other current assets, short-term bank deposits and cash and cash equivalents. Segment liabilities include borrowings, lease liabilities, trade and other payables, retirement benefit obligations, current and deferred income tax liabilities.

Unallocated items comprise mainly corporate expenses.

Sales between segments are carried in accordance with terms agreed by the parties involved.

3 Segment information (continued)

(a) Analysis of consolidated statement of profit or loss

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Overseas HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Segment revenue	1,177,406	266,100	406,455	1,849,961
Inter-segment revenue	(235,112)	(101,227)	(265)	(336,604)
Revenue from external customers	942,294	164,873	406,190	1,513,357
Timing of revenue recognition				
At a point in time	942,202	163,723	402,176	1,508,101
Overtime	92	1,150	4,014	5,256
	942,294	164,873	406,190	1,513,357
Contribution to segment results	541,707	34,471	62,902	639,080
Depreciation of property, plant and equipment	(13,586)	(2,476)	(3,247)	(19,309)
Depreciation of right-of-use assets	(44,947)	(2,863)	(25,214)	(73,024)
Amortisation of intangible assets	(5,979)	(52)	-	(6,031)
Losses on disposals of property, plant and equipment	(88)	16	(2)	(74)
Net impairment losses on financial assets	(1,241)	(59,770)	(575)	(61,586)
Impairment loss on inventories	-	(1,142)	260	(882)
Write-off of inventories	(194)	-	-	(194)
Impairment losses on investment in a joint venture	(4,888)	-	-	(4,888)
Segment results	470,784	(31,816)	34,124	473,092
Inter-segment elimination				(853)
Operating profit				472,239
Finance income	43,598	31	3,206	46,835
Finance costs	(2,913)	(67)	(2,680)	(5,660)
Share of losses of joint ventures				(1,990)
Share of losses of associates, net				(6,735)
Profit before income tax				504,689
Income tax expense				(87,830)
Profit for the year				416,859
Year ended 31 December 2024				
Segment revenue	1,269,131	248,755	402,622	1,920,508
Inter-segment revenue	(199,480)	(109,384)	-	(308,864)
Revenue from external customers	1,069,651	139,371	402,622	1,611,644
Timing of revenue recognition				
At a point in time	1,069,500	138,094	397,687	1,605,281
Overtime	151	1,277	4,935	6,363
	1,069,651	139,371	402,622	1,611,644
Contribution to segment results	579,376	15,769	77,104	672,249
Depreciation of property, plant and equipment	(12,141)	(1,048)	(4,328)	(17,517)
Depreciation of right-of-use assets	(44,098)	(2,872)	(20,197)	(67,167)
Amortisation of intangible assets	(3,438)	-	-	(3,438)
Losses on disposals of property, plant and equipment	(41)	-	(23)	(64)
Net reversal of impairment losses/(net impairment losses) on financial assets	426	(2,980)	605	(1,949)
Impairment loss on inventories	-	-	(395)	(395)
Write-off of inventories	(396)	(35)	(496)	(927)
Segment results	519,688	8,834	52,270	580,792
Inter-segment elimination				(3,868)
Operating profit				576,924
Finance income	52,510	113	4,651	57,274
Finance costs	(3,394)	(172)	(2,915)	(6,481)
Share of losses of joint ventures				(3,346)
Share of profits of associates, net				5,402
Profit before income tax				629,773
Income tax expense				(100,606)
Profit for the year				529,167

3 Segment information (continued)

(b) Analysis of consolidated statement of financial position

	Hong Kong HK\$'000	Chinese Mainland HK\$'000	Overseas HK\$'000	Total HK\$'000
At 31 December 2025				
Segment assets and liabilities				
Total assets	<u>3,815,865</u>	<u>262,449</u>	<u>582,424</u>	<u>4,660,738</u>
Investments accounted for using the equity method	<u>22,423</u>	<u>14,429</u>	<u>5,733</u>	<u>42,585</u>
Financial asset at fair value through other comprehensive income	<u>6,813</u>	<u>-</u>	<u>-</u>	<u>6,813</u>
Additions to non-current assets ⁽¹⁾	<u>72,920</u>	<u>14,426</u>	<u>45,989</u>	<u>133,335</u>
Total liabilities	<u>(117,258)</u>	<u>(64,242)</u>	<u>(110,377)</u>	<u>(291,877)</u>
At 31 December 2024				
Segment assets and liabilities				
Total assets	<u>3,621,070</u>	<u>404,233</u>	<u>534,222</u>	<u>4,559,525</u>
Investments accounted for using the equity method	<u>23,219</u>	<u>25,012</u>	<u>5,315</u>	<u>53,546</u>
Financial asset at fair value through other comprehensive income	<u>8,643</u>	<u>-</u>	<u>-</u>	<u>8,643</u>
Additions to non-current assets ⁽¹⁾	<u>63,009</u>	<u>4,838</u>	<u>30,312</u>	<u>98,159</u>
Total liabilities	<u>(180,944)</u>	<u>(34,649)</u>	<u>(97,498)</u>	<u>(313,091)</u>

⁽¹⁾ In this analysis, additions to non-current assets exclude interests in joint ventures and associates, financial asset at fair value through other comprehensive income and deferred tax assets.

3 Segment information (continued)

(c) Revenue

The analysis of revenue by category is as follows:

	2025 HK\$'000	2024 HK\$'000
Sales of products	1,468,150	1,560,767
Service income	45,115	50,726
Royalty fee income	92	151
	<u>1,513,357</u>	<u>1,611,644</u>

(d) Information about major customers

For the year ended 31 December 2025, majority of the revenue were generated from wholesales customers, revenue from two (2024: one) customer accounted for more than ten percent of the Group's total revenue. These revenues are attributable to the Hong Kong segment and Chinese mainland segment (2024: Hong Kong segment). The revenues from the customer are summarised below:

	2025 HK\$'000	2024 HK\$'000
Revenue from:		
- Customer A	299,820	482,458
- Customer B	238,735	-(¹)
	<u>538,555</u>	<u>482,458</u>

⁽¹⁾ The customer generated less than ten percent of the Group's total revenue during the year.

There are no customers of other segments individually accounted for ten percent or more of the Group's total revenue for the year ended 31 December 2025 (2024: Nil).

3 Segment information (continued)

(e) Information about geographical areas

The Company is domiciled in Hong Kong. An analysis of revenue from external customers and non-current assets of the Group by geographical area is set out below:

	2025 HK\$'000	2024 HK\$'000
(i) Revenue ⁽¹⁾		
Hong Kong	942,294	1,069,651
Chinese mainland	164,873	139,371
Macao	223,272	214,488
Australia	60,160	62,110
Canada	43,206	44,820
New Zealand	25,514	26,107
Singapore	20,593	21,477
United States	16,188	16,521
Other countries/regions	17,257	17,099
	<u>1,513,357</u>	<u>1,611,644</u>
(ii) Non-current assets ⁽²⁾		
Hong Kong	291,913	307,654
Chinese mainland	20,379	10,212
Macao	93,382	64,197
Australia	40,366	40,299
Canada	15,094	19,108
New Zealand	38,448	37,723
Europe	4,086	6,801
United States	1,456	727
Other countries/regions	9,199	9,382
	<u>514,323</u>	<u>496,103</u>

(1) The geographical location of revenue is analysed based on the location where goods are sold and services are provided.

(2) The geographical location of non-current assets is analysed based on where the assets are located or held. In this analysis, the total of non-current assets excludes investment in joint ventures and associates, financial asset at fair value through other comprehensive income and deferred tax assets.

3 Segment information (continued)

(f) Assets and liabilities related to contracts with customers

The Group has recognised the following liabilities related to contract with customers:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Contract liabilities	<u>3,852</u>	<u>5,138</u>

The Group has not recognised any contract assets related to contract with customers as at 31 December 2025 and 31 December 2024.

(g) Revenue recognised in relation to contract liabilities

The following table shows revenue recognised in relation to contract liabilities in the year related to contract liabilities at the beginning of the year.

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue recognised in relation to contract liabilities at 1 January	<u>4,141</u>	<u>1,406</u>

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Amounts expected to be recognised as revenue		
Within one year	3,148	4,662
After one year	<u>704</u>	<u>476</u>
	<u><u>3,852</u></u>	<u><u>5,138</u></u>

4 Other gains, net

	2025 HK\$'000	2024 HK\$'000
Government grants ⁽¹⁾	431	558
Gain on deregistration of subsidiaries	927	2,473
Impairment losses on investment in a joint venture	(4,888)	-
Dividend income from equity investments at fair value through other comprehensive income	202	391
Others	<u>1,988</u>	<u>2,118</u>
	<u>(1,340)</u>	<u>5,540</u>

(1) There are no unfulfilled conditions or other contingencies attaching to these grants.

Deferral and presentation of government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5 Expenses by nature

	2025 HK\$'000	2024 HK\$'000
Changes in inventories of finished goods and work in progress	(1,145)	8,047
Raw materials and consumables used	512,505	460,569
Employee benefit expenses	224,005	251,438
Expenses relating to short-term leases	12,972	11,486
Variable lease payments not included in the measurement of lease liabilities ⁽¹⁾	484	1,049
Amortisation of intangible assets ⁽²⁾	6,031	3,438
Depreciation of right-of-use assets	73,024	67,167
Depreciation of property, plant and equipment	19,309	17,517
Losses on disposals of property, plant and equipment	74	64
Impairment loss on inventories	882	395
Write-off of inventories	194	927
Impairment losses on investment in a joint venture	4,888	-
Net impairment losses on financial assets	61,586	1,949
Auditors' remuneration		
- Audit services	3,780	3,722
- Non-audit services	415	280
Research and development expenses	11,615	9,128
Promotion and advertising expenses	20,751	112,145
Legal and professional expenses	17,642	15,937
Foreign exchange difference, net ⁽³⁾	(1,554)	3,409

- (1) Variable lease payments represent the amounts which are calculated based on percentages of revenue generated by certain retail outlets that exceed their fixed rentals.
- (2) The amortisation of intangible assets for the year is included in "Distribution and selling expenses" and "General and administrative expenses" in the consolidated statement of profit or loss.
- (3) The foreign exchange difference, net for the year is included in "Cost of sales", "Distribution and selling expenses", "General and administrative expenses" and "Finance income, net" in the consolidated statement of profit or loss.

6 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. PRC corporate income tax has been provided at the rate of 25% (2024: 25%) on the estimated assessable profits for the year of the subsidiaries operating in the Chinese mainland. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/regions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current income tax		
- Current year	95,328	99,350
- Over-provision in prior years	<u>(9,648)</u>	<u>(99)</u>
	85,680	99,251
Deferred income tax	<u>2,150</u>	<u>1,355</u>
Income tax expense	<u><u>87,830</u></u>	<u><u>100,606</u></u>

Pillar Two assessment

In December 2021, the Organisation for Economic Co-operation and Development released the Global Anti-Base Erosion (“GloBE”) model rules (also known as “Pillar Two”) to reform international corporate taxation. The Group is within the scope of the Pillar Two. Under Pillar Two, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

As of the reporting date, Pillar Two legislation has come into effect in certain jurisdictions in which the Group operates, including Australia, Canada, Czech Republic, Germany, Hong Kong, Italy, Netherlands, New Zealand, Poland, Singapore, South Korea, Sweden, Switzerland, the United Arab Emirates. The Group has assessed the top-up tax implication under the Pillar Two legislation based on the financial data for the year ended 31 December 2025. According to the assessment, the profits of the Group's subsidiaries in Macao are taxed at an effective rate of less than 15% for the year ended 31 December 2025. However, the Group does not anticipate significant exposure to Pillar Two top-up taxes in Macao or other jurisdictions as of the reporting date. The Group will continue to monitor global developments related to the Pillar Two legislation and reassess any potential impacts accordingly.

The Group has applied the temporary mandatory exception provided in the amendments to HKAS 12 Income Taxes issued by the HKICPA in July 2023, thereby not recognising or disclosing information about deferred income tax assets and liabilities associated with Pillar Two Income Taxes.

7 Earnings per share attributable to owners of the Company

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to owners of the Company (HK\$'000)	<u>397,216</u>	<u>500,278</u>
Weighted average number of ordinary shares in issue (thousands)	<u>837,100</u>	<u>837,100</u>
Earnings per share (HK\$)	<u>0.47</u>	<u>0.60</u>

For the years ended 31 December 2025 and 2024, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive shares.

8 Dividends

The dividends paid in 2025 and 2024 were HK\$292,985,000 (HK\$0.35 per share) and HK\$276,243,000 (HK\$0.33 per share) respectively. A final dividend of HK\$0.37 per share (amounting to HK\$309,727,000) and a special dividend of HK\$0.03 per share (amounting to HK\$25,113,000) in respect of the year ended 31 December 2025 are to be proposed at the annual general meeting on 10 June 2026. These financial statements do not reflect this dividend payable.

	2025 HK\$'000	2024 HK\$'000
Proposed final dividend of HK\$0.37 (2024: HK\$0.35) per ordinary share	309,727	292,985
Proposed special dividend of HK\$0.03 (2024: Nil) per ordinary share	<u>25,113</u>	<u>-</u>
	<u>334,840</u>	<u>292,985</u>

9 Inventories

	2025 HK\$'000	2024 HK\$'000
Raw materials	1,113,180	1,361,708
Work in progress	49,551	15,281
Finished goods and trading merchandise	<u>178,902</u>	<u>212,027</u>
	<u>1,341,633</u>	<u>1,589,016</u>

The cost of inventories recognised as expense and included in “cost of sales” amounted to HK\$511,360,000 (2024: HK\$468,616,000) and the impairment loss on inventories and write-off of inventories amounted to HK\$882,000 (2024: HK\$395,000) and HK\$194,000 (2024: HK\$927,000) for the year ended 31 December 2025, respectively.

10 Trade receivables and other current assets

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
- immediate holding company	-	15,574
- fellow subsidiaries	138,359	155,991
- joint ventures	2,160	2,061
- associate	1,552	4,552
- third parties	358,670	365,274
Trade receivables, gross	<u>500,741</u>	<u>543,452</u>
Less: loss allowance	<u>(105,871)</u>	<u>(42,374)</u>
Trade receivables, net	394,870	501,078
Bank acceptance notes	177	-
Prepayments ^(Note d)	15,233	17,761
Other receivables	21,533	23,963
Deposits	11,116	13,206
Amount due from a joint venture ^(Note b)	<u>970</u>	<u>970</u>
	<u><u>443,899</u></u>	<u><u>556,978</u></u>

Notes:

- (a) The fair values of trade receivables and other current assets approximate to their carrying amounts.
- (b) The amount is repayable on demand, unsecured in nature and bears no interest.
- (c) Retail sales at the Group's stores are usually made in cash or by debit or credit cards. For wholesales to customers (including related parties), the Group grants credit periods ranging from 30 to 90 days (2024: 30 to 90 days).

At 31 December 2025 and 2024, the aging analysis of trade receivables based on invoice date (including amounts due from related parties of trading in nature) is as follows:

	2025 HK\$'000	2024 HK\$'000
Up to 90 days	331,477	328,684
91 – 180 days	672	1,936
181 – 365 days	60,520	43,174
Over 365 days	<u>108,072</u>	<u>169,658</u>
	<u><u>500,741</u></u>	<u><u>543,452</u></u>

- (d) Included in the prepayment of the Group as at 31 December 2025 was an aggregate amount of HK\$979,000 (2024: HK\$1,741,000) due from a fellow subsidiary.

11 Trade and other payables

	2025 HK\$'000	2024 HK\$'000
Trade payables		
- intermediate holding company	31,817	7,759
- immediate holding company	11,240	6,057
- fellow subsidiaries	67	9
- associate	1,107	1,080
- third parties	17,803	23,440
Trade payables	<u>62,034</u>	<u>38,345</u>
Accruals and other payables ^(Note a)	59,725	113,825
Contract liabilities	<u>3,852</u>	<u>5,138</u>
	<u><u>125,611</u></u>	<u><u>157,308</u></u>

At 31 December 2025 and 2024, the aging analysis of the trade payables (including amounts due to the related parties of trading in nature) based on invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
Up to 90 days	53,252	30,668
91 – 180 days	775	803
181 – 365 days	881	-
Over 365 days	<u>7,126</u>	<u>6,874</u>
	<u><u>62,034</u></u>	<u><u>38,345</u></u>

^(a) Included in other payables of the Group as at 31 December 2025 was an aggregate amount of HK\$2,011,000 (2024: HK\$20,000) due to a fellow subsidiary.

12 Commitments

(a) Capital commitments

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for - property, plant and equipment and intangible assets	<u>4,373</u>	<u>16,050</u>

(b) Lease commitments

The Group has recognised right-of-use assets for leases, except for short-term and low-value leases as set out below:

	2025 HK\$'000	2024 HK\$'000
No later than 1 year	<u>1,609</u>	<u>1,013</u>

As at 31 December 2025, undiscounted future lease payments amounted to HK\$2,179,000 (2024: HK\$13,755,000) were committed by the Group but the relevant lease periods had not commenced. These lease commitments were recognised as right-of-use assets upon the lease commencement date in 2026 (2024: 2025).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Founded in 1669 during the eighth year of Emperor Kangxi's reign in the Qing Dynasty, Tong Ren Tang has been a prestigious Chinese time-honoured brand in the TCM industry with 357 years of history and inheritance, celebrated both domestically and internationally. Rooted in profound TCM heritage, the Group has consistently embraced its vision of "Creating health and sharing with the world", and continued to deepen its TCM modernization and transformation efforts and consistently expand its service areas, and accelerated the international development of TCM. During its overseas market expansion in recent years, the Tong Ren Tang Group adhered to the development approach of "Culture-first approach in introducing medicine through treatments", through which it deeply embedded the modern values of "Responsibility, Commitment and Innovation" into its developmental DNA. From herbal ingredient selection to production and processing, and from treatment services to health education, the Group has integrated the philosophy of "Traditional Wisdom with Innovative Practices" across all operational aspects. Additionally, the Group continuously fosters new quality productive forces driven by innovation, charting new blueprints for high-quality development and promoting to the world with TCM's philosophy and wellness concepts in order to contribute unceasing momentum to achieving its ambitious goal of "wherever there is a need for health, wherever there is Tong Ren Tang".

In 2025, the global economy demonstrated distinct characteristics of "weakening short-term resilience and mounting pressure on long-term prospects," with economic growth slowdown yet avoiding recession, wandering within a fragile balanced range. Amidst the complex landscape of adjustments in global economic, intensified geopolitical rivalries, and persistent contractions in external demands, the economy of the PRC were under pressure, achieved steady progress while demonstrated sustained development resilience and internal vitality. Facing a new development landscape intertwined with opportunities and challenges, the Group proactively adapted to external environmental changes, consistently deepened internal management reforms, steadily expanded its business presence, and

continuously enhanced its core brand competitiveness in a strive to improve operational performance and protect Shareholders' interests, which in turn achieved numerous remarkable results.

This Year, the Group achieved revenues of HK\$1,513.4 million (2024: HK\$1,611.6 million), a year-on-year decrease of 6.1%; achieved net profit of HK\$416.9 million (2024: HK\$529.2 million), a year-on-year decrease of 21.2%; owner's profits reached HK\$397.2 million (2024: HK\$500.3 million), a year-on-year decrease of 20.6%; and earnings per share were HK\$0.47 (2024: HK\$0.60), a year-on-year decrease of HK\$0.13. The Board recommends a final dividend of HK\$0.37 per share (2024: HK\$0.35) and a special dividend of HK\$0.03 per share (2024: Nil).

Hong Kong Market

In 2025, the revenue from Hong Kong market was HK\$942.3 million (2024: HK\$1,069.7 million), a year-on-year decrease of 11.9%. The Group anchored its core development strategy, deepened the implementation of its major variety strategy, focused on building a product portfolio with unique competitive advantages, and simultaneously magnified efforts in market promotion and brand building. To consolidate the layout of key products in the Hong Kong market, the Group strengthened its cooperation with local distributors to enhance the market coverage of key products. In addition, the Group opened one new store in Yuen Long and Kwai Fong, respectively, which further expanding Tong Ren Tang's retail footprint in Hong Kong. As of 31 December 2025, the Group had 28 retail outlets (including 4 Chinese medical centers of Beijing Tong Ren Tang Fook Ming Tang, a joint venture of the Group) in Hong Kong. During the Year, retail revenue from Hong Kong market remained flat year-on-year.

Non-Hong Kong Markets

The Group's business network covers major countries and regions in Asia, Oceania, North America and Europe. This Year, the global economy featured "weak recovery with strong divergence" with both risks and opportunities exist. The growth in developed economies remained sluggish while emerging markets became the primary drivers of growth, the gravity center of global economic continued to shift toward the East. Against this backdrop, the Group anchored its core development strategy of "Culture-first approach in introducing medicine through treatments" to actively expand into overseas TCM markets, and continuously provide global consumers with high-quality Chinese medicines and Chinese medical services. Leveraging the profound heritage of the Tong Ren Tang brand, the Group vigorously promoted the essence of TCM culture while expanding its market presence, achieving steady progress and sustaining positive momentum in its overseas operations. This Year, the Group opened a new experience center in Macao and has 48 retail outlets overseas representing an increase of 1 outlet from the previous year. The revenue from overseas markets reached HK\$406.2 million (2024: HK\$402.6 million), representing a slight year-on-year increase of 0.9%.

In the Chinese mainland market, 2025 saw the government coordinating proactive fiscal policy with prudent monetary policy, resulting in steady progress in economic development. Despite facing temporary pressures such as insufficient effective demand and adjustments in the real estate market, the resilience of the domestic economic system was evident, and the long-term growth potential remains to be further unleashed. This Year, the Group's business in the Chinese mainland market remained stable, with steady distributor channel sales revenue. The revenue in the Chinese mainland market was HK\$164.9 million (2024: HK\$139.4 million), representing a year-on-year increase of 18.3%

Production, Research and Development

In 2025, the Group remained focused on the development of its core business, maintained deep commitment and vigorous efforts in production quality management and technological innovation. By strengthening variety R&D innovation and strategic coordinated planning, the Group comprehensively enhanced production quality and efficiency. These initiatives laid a solid foundation for enriching the Group's reserves of variety resources, optimizing industrial capacity layout, and enhancing core competitiveness, whereby effectively support the Group in achieving high-quality growth.

The Group's Production and R&D Base in Tai Po, Hong Kong, holds three authoritative certifications: Hong Kong Chinese patent medicine GMP (Good Manufacturing Practice) certification, international standard ISO22000 certification, and HACCP (Hazard Analysis and Critical Control Points) certification. Upholding a rigorous quality control philosophy, the base has established a comprehensive quality control system covering the entire process from project initiation, R&D, and raw material procurement to production and supply, providing full support for the Group's continuous output of high-quality products.

Meanwhile, the Group has continued to strengthen product production and R&D innovation, established a lean management system, accelerated the cultivation of new quality productive forces, and steadily advanced toward the high end of the value chain, achieving significant operational results. During the Year, the Group successfully introduced the debut of the high-end herbal toothpaste series under the Tong Ren Tang "Gum Careluxe" (齙養素) brand, continuously expanding its owned product matrix. In the field of technological innovation, the Group achieved frequent successes and remarkable results. The Jinchai Shihu San (金釵石斛散) developed by the Group obtained the Certificate of Registration of Proprietary Chinese Medicines issued by the Chinese Medicine Council of Hong Kong, further enriching the Group's reserve of variety resources. The invention patent application by Tong Ren Tang for "A preparation method and uses of an anti-aging product" successfully obtained authorization from the PRC. This marks another significant achievement secured within less than a year following the approval in April 2024 of the patent for "A freckle-removing and whitening product along with its preparation method and uses". Additionally, the clinical trial protocol for the Lingzhi Turmeric Compound Blood-supplementing and Nerve-calming Capsules (靈芝薑黃複方活血安神膠囊) successfully passed the expert review, demonstrating Tong Ren Tang's strong capabilities in scientific research innovation and the transformation of research outcomes. In terms of international cooperation, positive developments continued. The Ministry of Health of the Kingdom of Cambodia officially issued a market authorization certificate for Angong Niu Huang Wan to Tong Ren Tang, adding a vibrant chapter to the exchange and mutual learning between Chinese and Cambodian medical cultures. Furthermore, the Group signed a Memorandum of Understanding on Traditional Medicine Cooperation with the National Meat Association of Uruguay, marking the entry into a substantive advancement phase of cooperation between the two countries in the field of traditional medicine and injecting fresh momentum into the internationalization process of TCM.

While inheriting and advancing TCM services, the Group has anchored itself to the global trend of upgrading health consumption, actively seizing opportunities in the natural health market demand, and steadily expanding its overseas markets. In April this Year, Beijing Tong Ren Tang's deer food products were officially launched in New Zealand. The products mainly include high-end wellness items such as deer velvet, deer tail, deer pizzle, deer sinew, deer blood, and deer placenta. They strictly follow Beijing Tong Ren Tang's over 350 years of traditional processing techniques and combine with New Zealand's standardised production process to create "traceable, quantifiable, and exportable" premium Chinese medicine products. Furthermore, the proprietary brand KIWISH under Tong Ren Tang, which focuses on deer food products and the natural health area, held a grand unveiling ceremony in Auckland, New Zealand. This milestone not only represents a key strategic move in deepening the Group's globalization layout but also serves as another landmark achievement in promoting TCM culture to the world, laying a solid foundation for the Group's steady expansion into overseas markets. In addition, the core product Tong Ren Tang Angong Niu Huang Wan obtained the

Traditional Medicine Registration Certificate issued by the Department of Drugs and Food of the Ministry of Health of the Kingdom of Cambodia. This has further enriched the distribution channels for the Company's key products and injected strong momentum into the in-depth expansion of the Group's overseas markets.

The Group has actively built a scientific and technological innovation system with deep integration of production, learning, research and sales, and jointly establish a cooperative scientific research platform with universities such as Hong Kong Baptist University, Macau University of Science and Technology, and City University of Macau, etc., and continued to carry out comprehensive daily cooperation projects in key directions such as conducting scientific research cooperation, promoting the transformation of scientific research results, and establishing professional talent training programmes, in order to promote TCM to embark on a new journey of modernisation and internationalisation transformation, and leverage technology innovation to inject strong momentum into the Group's steady expansion into overseas markets. In specific research practices, Tong Ren Tang has partnered with Macau University of Science and Technology to empower classic famous prescriptions with cutting-edge research by deeply participating in the project "Prescription pharmacology verification and preparation optimisation study of the classic prescriptions Huangqi Guizhi Wuwu Tang and Taohong Siwu Tang" (經典名方黃芪桂枝五物湯、桃紅四物湯處方藥理學考證及製劑優化研究). Through systematic pharmacological verification and formulation process optimization, this initiative injects strong scientific and technological momentum into the modernization of TCM. At the same time, the Group has officially joined the "Belt and Road" International Joint Laboratory for Innovative Research in Traditional Medicine as a founding member, establishing a broader platform for innovative research in TCM for the Group. This accelerates the transformation, implementation, and market application of research outcomes, which allows the wisdom of TCM to protect the health of people worldwide. In terms of integrating talent and research resources, Tong Ren Tang joined the School of Medicine of Peking University to establish the Oral Ecology and Macro-Health Innovation Joint Laboratory, which breaks away from traditional industry mindsets by leveraging Peking University's international educational perspective as a top-tier institution and its cutting-edge research resources. By utilizing the mature and advanced research mechanisms of the School of Medicine of Peking University, it assembles a high-level expert team to develop more innovative products that align with public health needs, helping Chinese medicine culture gain broader international recognition in the process of "Going Global". Furthermore, the Group has officially signed a Memorandum of Understanding on Joint Training of Chinese Medicine Talent and Academic Exchange Cooperation with INTI International University in Malaysia, injecting fresh talent momentum into rooting TCM overseas through school-enterprise collaboration. Notably, the Group has established its first specialised office in Macao, further deepening the strategic deployment for the internationalization of TCM and laying a solid foundation for subsequent international business expansion.

Recently, Tong Ren Tang Ganoderma Spore and Ganoderma Extract Capsules successfully passed the review of the State Administration for Market Regulation and were obtained the Registration Certificate for Imported Health Food, marking another important achievement in the strategic layout of Ganoderma lucidum products. The Group will continue to closely follow the development wave of the macro-health industry, intensify efforts in new product research and development to precisely align with diverse global market demands. At the same time, the Group will focus on core varieties, strengthen the protection of independent intellectual property rights and the strategic layout of patents, and continuously consolidate the core value barriers of Tong Ren Tang products. As of 31 December 2025, the cumulative number of authorized patents reached 66 (including the Chinese mainland and Hong Kong patents), with 1 PCT international applications submitted, establishing a solid intellectual property protection barrier for Tong Ren Tang's advantageous varieties.

Brand Promotion and Marketing

As a strategic platform for international development, a benchmark carrier for brand image, and a core window for the dissemination of TCM culture, the Group takes Hong Kong, an international hub, as its foundation to anchor its global market deployment and layout, establishing a globalized operational system that integrates production, retail outlets, healthcare services, and culture. The Group deeply integrates the wisdom and experience of different regions and ethnic groups, continuously accelerates the pace of internationalization and steadily expands its overseas market presence. As of 31 December 2025, the Group's sales network widely covered major countries and regions in Asia, Oceania, North America, and Europe.

This Year, the Group has steadfastly upheld its original aspiration in public welfare, focusing on core public welfare directions to implement a series of key brand activities. While consolidating the foundational roots of its corporate brand culture, it conveys the warmth of TCM through a sense of responsibility and commitment. The Group actively launched “the 10th Show Love and Care to Stroke Prevention” event, introducing “prevention education” into schools for the first time to infuse TCM strength into the health of all Hong Kong citizens; collaborated with The Chinese University of Hong Kong to establish an industry-academia-research innovation dialogue platform, jointly opening a new chapter in TCM talent cultivation; partnered with China Mobile's “Mobile Education” to initiate the “Hong Kong Student Ambassador Programme for Chinese Medicine and Health Care” (香港學界中醫藥健康學生大使計劃), boosting the international dissemination of TCM culture; actively supported the “Strive and Rise Programme” which demonstrated corporate social responsibility and the commitment to cultural inheritance by customizing exclusive visit processes for families from disadvantaged communities; and assisted the Hong Kong Youth Association in organizing 25 sessions of “Healing the Masses: Community Health Initiative” and free medical consultation events, featuring a “TCM Scented Sachet Workshop” to vividly narrate compelling stories of Tong Ren Tang's TCM services benefiting overseas public health.

In addition, the Group actively participated in various global exhibitions and cultural exchange activities to comprehensively broaden the boundaries of its brand influence. At the 3rd Hong Kong Hometown Market Carnival, the Group showcased intangible cultural heritage techniques and interactive experiences, to convey the profound heritage of the Tong Ren Tang brand using culture as a bridge; presented the Sporoderm-broken Ganoderma Lucidum Spores Powder series products, beverage series products, and the four-examination instruments (四診儀) at the China International High-Tech Expo, centering on “traditional wisdom + modern technology” to demonstrate TCM innovation achievements; hosted a visit by a delegation from the Cambodian Ministry of Health during the China International Fair for Trade in Services, building a practical bridge for Chinese-Cambodian pharmaceutical and cultural exchanges; engaged in cross-language and cross-cultural dialogues at the Boao Forum for Asia to allow guests from 34 countries and regions to experience the millennial wisdom and modern vitality of TCM; attended the 30th Macao International Trade & Investment Fair, hosting the themed event of “Benevolent Heart Healing the World: Dual Heritage Shining in Macao” to present a grand feast blending culture and the era; showcased a diversified product matrix to the third phase of the 138th China Import and Export Fair, empowering the global health ecosystem through “inheritance + innovation”; and successfully promoted the release of the Arabic version of the “Chinese medicinal identification: An illustrated approach” (《中藥材鑒定圖典》), marking an important step forward in Chinese-Arab traditional medicine cooperation.

During the Year, the Group continued to intensify brand promotion efforts across all dimensions to enhance brand image and market competitiveness. Through a multi-platform media matrix, it systematically showcased the validation results of modern scientific research on ancient TCM prescriptions, achieving efficient transformation from pharmacological research to product sales; seized the opportunities from the recovery of the tourism industry by deploying advertisements through multiple channels in Hong Kong and Macao, including bus tours, port LED screens, and large outdoor screens in commercial districts, to strengthen exposure for “major variety” products; accelerated the

layout of e-commerce channels and the image upgrade of offline retail outlets, driving brand penetration into diverse sales domains and further expanding brand awareness and user coverage.

Leveraging its rich and diversified product matrix along with profound brand history, the Group has repeatedly received authoritative industry recognition, successively winning prestigious honors such as the “Golden Kunpeng Award” for “Best Listed Company”, the Gold Award in Sustainable Development category of the 2024 Quam Outstanding Investor Relations Awards, and was awarded the “01 Gold Medal Awards” for four consecutive years. These accolades not only consolidate the Group’s leading advantage in overseas markets but also affirm the high trust placed by global markets and consumers in the Group’s brand, products, and services, thereby injecting strong brand momentum into the steady expansion of overseas markets.

Human Resources Management

As at 31 December 2025, the Group had a total of 780 employees (2024: 782 employees).

The employee expenses of the Group for the year amounted to HK\$224.0 million (2024: HK\$251.4 million), representing a decrease of 10.9% from last year. To ensure the ability to attract and retain outstanding employees, the Group regularly reviews its remuneration policies. In addition, the discretionary bonus is offered to employees with outstanding performance with reference to the Group’s results and individual performance.

Business Prospects

The year of 2026 marks the commencement of the “15th Five-Year Plan” and is a critical year for the Group to resolve structural contradictions and achieve systemic upgrades. With the continuous escalation of national health demands, the profound integration of digital technology with traditional industries, and the promulgation and implementation of a series of favorable national policies, the TCM industry is standing at the forefront of the era, embracing unprecedented development opportunities.

The Group will focus on the core mission of TCM going global, adhere to leading development through openness, taking three-dimensional innovation in products, services, and culture as its core engine. By deeply integrating traditional essence with modern technology, the Group aims to shape new global health values. Meanwhile, the Group will strengthen the guarantee of its modern operation and risk control systems, consolidate the three cornerstones of supply chain, scientific research, and governance, and reinforce the foundation for global development. First, the Group will comprehensively enhance the efficiency of the terminal network, guided by the governance mechanism of “activation, optimization, development, and improvement”, accelerate the upgrading of its global physical network, strengthen the expansion of overseas terminal positions, and continuously enhance the cultural communication attributes and differentiated competitiveness of the stores. The Group will deepen its “major product” strategy, using core products as the “ballast” for market expansion, further improving the product series, optimizing product gradients and dosage forms, and actively collaborating with external resources to develop product partnerships. Simultaneously, the Group will leverage its efficient and convenient “Global Merchandise” cross-border e-commerce platform to allow “Tong Ren Tang Overseas Selected Products” to transcend national borders and reach consumers from different regions and cultural backgrounds worldwide, comprehensively meeting their diverse health needs. Furthermore, the Group will build a robust and efficient overseas supply chain system, strengthening source control, optimizing industrial layout, and enhancing intelligent supply chain management to increase strategic reserves of precious raw materials, overcome raw material bottlenecks, mitigate risks from single regions, and comprehensively improve the resilience and security level of the supply chain. In addition, the Group will also adhere to product and service innovation. The Group will increase investment in scientific research, accelerate the transformation of research results, expand the scope of health services, and build a matrix of internationally competitive TCM products and services. Finally, the Group will strengthen the dissemination of TCM culture, take the Macau flagship store as a model, promote mature operating models, and drive the transformation of overseas stores from single sales to a comprehensive

“product + culture + service” complex, so that more overseas consumers can experience the unique charm of TCM culture.

The successful import of the first natural Niu Huang in China marks a significant milestone in the Beijing Tong Ren Tang’s development. This achievement is a practical result of its international development strategy, effectively expanding the supply channels for high-quality raw materials, breaking through the bottleneck of shortages of core precious raw materials, consolidating the foundation for the production and supply of classic Chinese medicines, and demonstrating Beijing Tong Ren Tang’s responsibility in ensuring the security of strategic resources for TCM. The Group will take this as an opportunity, improve the global supply layout, and promote the steady progress of the entire industry toward standardization and internationalisation. And the Group will ensure the stable supply of core medicines, continuously enhance core functions, improve the quality of development, and continue to strengthen talent pipeline construction and organizational efficiency transformation. The Group seeks to systematically build sustainable global competitiveness, empowering global health business with Oriental wisdom. The Group is committed to creating a new model for the international development of TCM, making greater contributions to consolidating and expanding the momentum of economic recovery and serving the healthy China strategy.

Financial Review

Revenue

This Year, the Group’s revenue was HK\$1,513.4 million (2024: HK\$1,611.6 million), representing a decrease of 6.1% compared to the same period last year. Revenue in the Hong Kong market decreased by 11.9% year-on-year, mainly due to the Group’s strengthened management and optimization of its sales channels in the Hong Kong market in the second half of the Year, which solidified the market foundation for our main products and reduced the wholesale of the main products, while retail revenue remained flat year-on-year. Revenue in the Chinese mainland market increased by 18.3% year-on-year, mainly due to increased sales of GLSPC and TCM products. Overseas market revenue remained stable, increasing slightly by 0.9% year-on-year.

Gross Profit

The Group’s gross profit for the Year was HK\$925.6 million (2024: HK\$1,065.3 million), representing a decrease of 13.1% compared to last year. The gross profit margin decreased from 66.1% last year to 61.2% this Year, which was mainly due to the increase of raw material costs.

Distribution and Selling Expenses

Distribution and sales expenses mainly include staff costs, retail outlet rentals, and advertising and promotional expenses. The Group’s distribution and sales expenses for the Year were HK\$207.1 million (2024: HK\$300.2 million), representing a decrease of 31.0% compared to the same period last year which was primarily due to a decrease in advertising and promotional expenses. Distribution and sales expenses as a percentage of revenue decreased from 18.6% last year to 13.7% this Year.

General and Administrative Expenses

General and administrative expenses mainly consist of staff costs and office rent. The Group’s general and administrative expenses for the Year were HK\$183.3 million (2024: HK\$191.8 million), a decrease of 4.4% compared to the same period last year. This decrease was primarily due to decrease of administrative staff costs. General and administrative expenses accounted for 12.1% of revenue which is similar to the ratio of last year (2024: 11.9%).

Finance Income, net

The Group’s net finance income was HK\$41.2 million (2024: HK\$50.8 million), which included the finance income of HK\$46.8 million (2024: HK\$57.3 million). The decrease in finance income of HK\$10.5 million from last year was mainly due to the decrease in the average short-term bank deposit interest rates.

Income Tax Expense

The Group's income tax expense was HK\$87.8 million (2024: HK\$100.6 million), representing a decrease of 12.7% from last year. The decrease in income tax expense was primarily due to a year-on-year decrease in pre-tax profit. The effective tax rate was 17.4% this Year (2024: 16%).

Profit for the Year, Profit Attributable to Owners of the Company, Basic Earnings Per Share and Dividend

The Group's profit for the Year decreased by 21.2% to HK\$416.9 million (2024: HK\$529.2 million) with a net profit margin of 27.5% (2024: 32.8%). Profit attributable to owners of the Company amounted to HK\$397.2 million (2024: HK\$500.3 million), representing a decrease of 20.6% from last year. The basic earnings per share attributable to owners of the Company for the Year were HK\$0.47 (2024: HK\$0.60). The Board recommend the payment of a final dividend of HK\$0.37 per share for the Year (2024: HK\$0.35) and a special dividend of HK\$0.03 per share (2024: Nil).

Financial Resources and Liquidity

During the Year, the Group funded its liquidity by internal resources. Based on the Group's steady revenue from operations, coupled with sufficient cash and bank balances, the Group has adequate liquidity and financial resources to meet the daily operations and working capital requirements as well as to fund its expansion plans.

The Group continued to maintain a strong financial position with cash and bank balances of HK\$2,279.2 million (2024: HK\$1,819.8 million) as at 31 December 2025. As at 31 December 2025, most of the Group's cash and bank balances were denominated in Hong Kong dollar, Macao Pataca and Renminbi, and were deposited in reputable financial institutions with maturity dates falling within one year. The table below sets out the information regarding cash and bank balances, working capital, total equity, current ratio and debt ratio as at 31 December 2024 and 2025 and net cash generated from/(used in) operating activities, investing activities and financing activities for the years ended 31 December 2024 and 2025:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	2,279,224	1,819,753
Working Capital ⁽¹⁾	3,857,908	3,730,393
Total Equity	4,368,861	4,246,434
Current Ratio ⁽²⁾	19.7	16.9
Debt Ratio ⁽³⁾	2.9%	2.9%

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Net cash generated from/(used in) operating activities	829,520	(217,251)
Net cash (used in)/ generated from investing activities	(1,425)	1,354,846
Net cash used in financing activities	(378,643)	(355,300)

⁽¹⁾ Being net current assets

⁽²⁾ Being current assets divided by current liabilities

⁽³⁾ Being borrowings and lease liabilities divided by total equity

Capital Expenditure

During the Year, the Group's capital expenditure amounted to HK\$41.2 million (2024: HK\$43.2 million), which was mainly used in renovation of retail outlets and purchase of machinery and equipment for production and operation purposes.

Major Investment, Acquisitions and Disposals

During the Year, the Group did not have any major investment, acquisitions and disposals.

Charges over Assets of the Group

As at 31 December 2025, the Group did not have any charges over assets of the Group (2024: Nil).

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

Foreign Currency Risk

The Group's main business operations are conducted in Hong Kong and other overseas countries/regions. The transactions, monetary assets and liabilities of the Group is mainly denominated in Hong Kong dollar, Macao Pataca and Renminbi. During the Year, the fluctuation in the exchange rates of these currencies did not have material impact on the Group.

The Group did not engage in any derivatives activities and did not commit to any financial instrument to hedge its foreign exchange exposure during the Year.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that had taken place subsequent to 31 December 2025 and up to the date of this announcement.

INTERESTS IN COMPETING BUSINESSES

To ensure that the business classification between the Company, Tong Ren Tang Ltd., Tong Ren Tang Technologies and Tong Ren Tang Holdings (collectively the "**Controlling Shareholders**") are properly documented and established, each of the Controlling Shareholders entered a deed of non-competition (the "**Deed of Non-competition**") in favour of the Company on 18 April 2013, details of which are set out in the prospectus of the Company dated 25 April 2013 (the "**Prospectus**"), mainly to the effect that at any time until their collective beneficial interest in the equity interest in the Company is less than 30%, each of them shall not, and shall procure their respective subsidiaries (except through its interests in the Group) not to, without prior written consent of the Company, directly or indirectly:

- (i) engage in the research, development, manufacture and sales of any products containing ganoderma lucidum or ganoderma lucidum spores as raw materials in markets outside of the Chinese mainland (the "**Non-Chinese Mainland Markets**");
- (ii) engage in the research, development, manufacture and sale of any products with "Tong Ren Tang" brands in Non-Chinese Mainland Markets, except for the manufacture of the Chinese medicine products for the two independent third parties in Japan; for the avoidance of doubt and without prejudice to the generality of the Deed of Non-competition, except for the current excluded business in Japan, engage in arrangement with any other parties in the Non-Chinese Mainland Markets similar to the excluded business in Japan;

- (iii) carry out any sales or registration (new or renewal) for Angong Niu Huang Wan in the Non-Chinese Mainland Markets;
- (iv) engage in the distribution of any Chinese medicine products in Non-Chinese Mainland Markets, except for certain existing arrangements as disclosed in the Prospectus; and
- (v) carry out any new overseas registration of “Tong Ren Tang” branded products ((i) to (v) are collectively known as “**Restricted Business**”).

In addition, under the Deed of Non-competition, each of the Controlling Shareholders has also undertaken that if each of them and/or any of its associates is offered or becomes aware of any project or new business opportunity (the “**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, it shall (i) promptly and in any event not later than seven (7) days notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to it and/or its associates.

The Directors (including the independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity within thirty (30) business days of receipt of notice from Controlling Shareholders.

Tong Ren Tang Holdings has also granted the Company rights of first refusal to acquire its interest in Beijing Tong Ren Tang Hong Kong Medicine Management Limited, Beijing Tong Ren Tang (UK) Limited and Beijing Tong Ren Tang Tai Fong Co., Ltd. on terms which are not less favourable than the terms it wishes to sell to other parties.

DIVIDENDS

The Directors recommend the payment of a final dividend of HK\$0.37 per ordinary share (2024: HK\$0.35) and a special dividend of HK\$0.03 per ordinary share (2024: Nil) for the year ended 31 December 2025. Such dividends will be proposed for approval by shareholders at the annual general meeting (“AGM”) to be held on Wednesday, 10 June 2026 and if approved, are payable to shareholders whose names appear on the register of members of the Company on Thursday, 18 June 2026.

Subject to approval by the Company’s shareholders at the AGM, the final dividend and the special dividend will be paid on or before Friday, 26 June 2026.

CLOSURE OF REGISTER OF MEMBERS

AGM

In order to determine the entitlements of the shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 5 June 2026 to Wednesday, 10 June 2026, both days inclusive, during which period no transfer of shares will be registered.

All transfers documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 4 June 2026.

Final Dividend and Special Dividend

In order to determine the list of shareholders of the Company who are entitled to receive the final dividend and the special dividend for the year ended 31 December 2025, the register of members of the Company will be closed from Tuesday, 16 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the above-mentioned final dividend and special dividend (if approved), all transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 15 June 2026.

REVIEW OF ANNUAL RESULTS

As at 31 December 2025, the audit committee of the Company (the “**Audit Committee**”) has three members comprising three independent non-executive Directors, Mr. Chan Ngai Chi (Chairman of the Audit Committee), Mr. Tsang Yok Sing, Jasper and Mr. Xu Hong Xi, with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”). The primary duties of the Audit Committee are mainly to communicate with external auditor; to review the remuneration, terms of engagement, independence and objectivity of the external auditor; to review the accounting policy, financial position and financial reporting procedures of the Company; and to assess the financial reporting system, internal control procedures and risk management function of the Company and making recommendations thereof. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2025.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young (“**EY**”), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2025, the Company had complied with the code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained (“**Model Code**”) in Appendix C3 of the Listing Rules. Having made specific enquiries to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings from the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the year ended 31 December 2025.

By order of the Board
Beijing Tong Ren Tang
Chinese Medicine Company Limited
Yan Han
Chairman

Hong Kong, 20 March 2026

As at the date of this announcement, the composition of the Board is as follows:

Executive Directors:

Mr. Yan Han (*Chairman*)
Mr. Yue Zheng (*Vice Chairman*)
Mr. Wang Chi

Independent Non-executive Directors:

Mr. Tsang Yok Sing, Jasper
Mr. Xu Hong Xi
Mr. Chan Ngai Chi

Non-executive Director:

Ms. Feng Li