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AUSTAR
奧 星

Austar Lifesciences Limited
奧星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6118)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	RMB'000	*RMB'000*
Revenue	**1,530,672**	1,500,402
Gross profit	**293,271**	301,217
Profit for the year	**32,880**	13,572
Profit for the year attributable to owners of the Company	**33,805**	16,079
Total assets	**2,128,003**	2,083,635
Net assets	**824,085**	793,468
Gross profit margin	**19.2%**	20.1%
Current ratio	**1.4**	1.3
Gearing ratio	**29.4%**	33.9%
Net debt to equity ratio	**14.1%**	30.2%
Basic and diluted earnings per share *(Note)*	**RMB0.07**	RMB0.03

Note: The calculation of earnings per share is based on the profit attributable to owners of the Company for each of the years ended 31 December 2025 and 2024 and the weighted average number of shares during that year. The Company had no dilutive ordinary shares for each of the years ended 31 December 2025 and 2024.

ANNUAL RESULTS

The board ("**Board**") of directors ("**Directors**", each a "**Director**") of Austar Lifesciences Limited ("**Company**" or "**AUSTAR**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2025 ("**Year**"), together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
Revenue	3	**1,530,672**	1,500,402
Cost of sales	3, 6	**(1,237,401)**	(1,199,185)
Gross profit		**293,271**	301,217
Selling and marketing expenses	6	**(139,607)**	(131,851)
Administrative expenses	6	**(85,382)**	(107,225)
Net impairment gains/(losses) on financial assets and contract assets		**3,670**	(3,389)
Research and development expenses	6	**(45,072)**	(53,549)
Other income		**12,308**	27,548
Other gains – net	5	**14,963**	2,430
Operating profit		**54,151**	35,181
Finance income	4	**1,461**	2,895
Finance costs	4	**(12,114)**	(17,202)
Finance costs – net		**(10,653)**	(14,307)
Share of net profit of investments accounted for using the equity method		**4,628**	298
Profit before income tax		**48,126**	21,172
Income tax expense	8	**(15,246)**	(7,600)
Profit for the year		**32,880**	13,572

	Note	**2025** *RMB'000*	2024 *RMB'000*
Profit for the year attributable to owners of the Company		**33,805**	16,079
Loss for the year attributable to non-controlling interests		**(925)**	(2,507)
Profit for the year		**32,880**	13,572
EARNINGS PER SHARE	9		
– Basic and diluted *(RMB)*		**0.07**	0.03

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	RMB'000	*RMB'000*
Profit for the year	**32,880**	13,572
Other comprehensive (expense)/income		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(10,972)**	9,521
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**4,054**	(5,408)
Reclassification of cumulative translation reserve upon deemed disposal of an investment accounted for using the equity method	**–**	405
Transfer upon deregistration of subsidiaries	**–**	(21)
Share of other comprehensive income/(expense) of investments accounted for using the equity method	**1,219**	(1,524)
	5,273	(6,548)
Other comprehensive (expense)/income for the year, net of tax	**(5,699)**	2,973
Total comprehensive income for the year	**27,181**	16,545
Total comprehensive income/(expense) attributable to:		
– owners of the Company	**28,014**	18,396
– non-controlling interests	**(833)**	(1,851)
	27,181	16,545

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**305,214**	310,085
Right-of-use assets		**87,608**	104,041
Intangible assets		**40,392**	42,298
Deferred tax assets		**12,382**	15,169
Investments accounted for using the equity method		**66,585**	60,281
Pledged bank deposits		**311**	–
Rental deposits		**1,801**	–
Total non-current assets		**514,293**	531,874
Current assets			
Inventories		**279,653**	238,425
Contract assets	12	**628,180**	562,477
Trade and notes receivables	11	**351,646**	424,534
Prepayments and other receivables		**77,760**	119,652
Pledged bank deposits		**49,077**	38,868
Term deposits with initial terms of over three months		**–**	1,000
Cash and cash equivalents		**227,394**	166,805
Total current assets		**1,613,710**	1,551,761
Total assets		**2,128,003**	2,083,635
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,071**	4,071
Reserves		**451,887**	448,446
Retained earnings		**366,587**	338,892
		822,545	791,409
Non-controlling interests		**1,540**	2,059
Total equity		**824,085**	793,468

	Notes	**2025** *RMB'000*	2024 *RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**10,259**	31,197
Long-term borrowings	14	**63,225**	25,142
Deferred income		**470**	135
Deferred tax liabilities		**41,890**	40,181
Other financial liabilities		**–**	4,826
Total non-current liabilities		**115,844**	101,481
Current liabilities			
Trade and other payables	13	**653,841**	639,271
Contract liabilities	12	**260,343**	202,263
Current income tax liabilities		**3,699**	1,540
Short-term borrowings	15	**237,618**	229,750
Current portion of long-term borrowings	14	**20,781**	98,884
Lease liabilities		**11,792**	16,978
Total current liabilities		**1,188,074**	1,188,686
Total liabilities		**1,303,918**	1,290,167
Total equity and liabilities		**2,128,003**	2,083,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 January 2014 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in providing integrated engineering solutions to pharmaceutical manufacturers and research institutes, as well as manufacturing and distribution of pharmaceutical equipment and consumables in the People's Republic of China ("**PRC**"). The ultimate holding company of the Company is Standard Fortune Holdings Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly owned by Mr. Ho Kwok Keung, Mars ("**Mr. Mars Ho**", also the "**Controlling Shareholder**"), Chairman of the Board and the Chief Executive Officer of the Company ("**Chief Executive Officer**").

Ordinary shares of HK$0.01 each in the share capital of the Company ("**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 7 November 2014.

Certain comparative figures have been re-presented to conform with current year's presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

The consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated, and are approved for issue by the Board on 26 March 2026.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.2 Application of new and amendments to IFRS Accounting Standards

(a) Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

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

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

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

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

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

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group currently presents interest received in operating activities, which will be classified in the investing activities on the consolidated statement of cash flows.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2025

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Types of goods or services				
Revenue from integrated engineering solutions contracts	**707,145**	**345,554**	**5,297**	**1,057,996**
Revenue from sale of goods	**49,848**	**42,178**	**295,933**	**387,959**
Revenue from services rendered	**37,206**	**44,738**	**2,773**	**84,717**
Total	**794,199**	**432,470**	**304,003**	**1,530,672**
Timing of revenue recognition				
Recognised at a point in time	**87,054**	**86,916**	**298,706**	**472,676**
Recognised over time	**707,145**	**345,554**	**5,297**	**1,057,996**
Total	**794,199**	**432,470**	**304,003**	**1,530,672**

For the year ended 31 December 2024

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Types of goods or services				
Revenue from integrated engineering solutions contracts	569,304	454,736	14,292	1,038,332
Revenue from sale of goods	35,790	32,998	313,476	382,264
Revenue from services rendered	50,111	28,080	1,615	79,806
Total	655,205	515,814	329,383	1,500,402
Timing of revenue recognition				
Recognised at a point in time	85,901	61,078	315,091	462,070
Recognised over time	569,304	454,736	14,292	1,038,332
Total	655,205	515,814	329,383	1,500,402

Segment information

The chief operating decision makers ("**CODMs**") have been identified as the Chief Executive Officer, the vice presidents and the directors of the Company who review the Group's internal reports in order to assess performance and allocate resources.

The CODMs consider the business primarily from a product and service perspective. The Group has three reportable segments: (1) Integrated Process and Packaging Equipment & Systems; (2) Consulting, Digitalization and Construction; and (3) Life Science Equipment and Consumables.

The CODMs evaluate the performance of the reportable segments based on gross profit.

The segment results for the year ended 31 December 2025 are as follows:

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Segment revenue and results				
Segment revenue	**1,006,384**	**509,578**	**329,645**	**1,845,607**
Inter-segment revenue	**(212,185)**	**(77,108)**	**(25,642)**	**(314,935)**
Revenue	**794,199**	**432,470**	**304,003**	**1,530,672**
Cost of sales	**(703,146)**	**(351,230)**	**(183,025)**	**(1,237,401)**
Segment results				
Gross profit	**91,053**	**81,240**	**120,978**	**293,271**
Other segment items				
Amortisation	**4,204**	**3,294**	**51**	**7,549**
Depreciation	**23,651**	**8,437**	**9,544**	**41,632**
Provision for/(reversal of) impairment losses on financial assets and contract assets	**1,724**	**(4,778)**	**(616)**	**(3,670)**
Write-down of inventories	**213**	**689**	**4,200**	**5,102**
Share of net profit of investments accounted for using the equity method	**(4,628)**	**–**	**–**	**(4,628)**
Finance costs	**6,425**	**4,740**	**949**	**12,114**
Interest income	**(756)**	**(560)**	**(145)**	**(1,461)**
Loss on disposal of property, plant and equipment	**91**	**19**	**61**	**171**

The segment results for the year ended 31 December 2024 are as follows:

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Segment revenue and results				
Segment revenue	821,327	611,418	346,162	1,778,907
Inter-segment revenue	(166,122)	(95,604)	(16,779)	(278,505)
Revenue	655,205	515,814	329,383	1,500,402
Cost of sales	(562,371)	(436,193)	(200,621)	(1,199,185)
Segment results				
Gross profit	92,834	79,621	128,762	301,217
Other segment items				
Amortisation	3,260	3,377	605	7,242
Depreciation	26,648	9,201	10,015	45,864
Provision for/(reversal of) impairment losses on financial assets and contract assets	6,586	(3,141)	(56)	3,389
Write-down of inventories	2,831	958	1,459	5,248
Share of net profit of investments accounted for using the equity method	(298)	–	–	(298)
Finance costs	10,169	5,377	1,656	17,202
Interest income	(1,190)	(1,101)	(604)	(2,895)
Loss/(gain) on disposal of property, plant and equipment	176	(13)	34	197

A reconciliation of segment gross profit to total profit before income tax is provided as follows:

	2025	2024
	RMB'000	*RMB'000*
Integrated Process and Packaging Equipment & Systems	**91,053**	92,834
Consulting, Digitalization and Construction	**81,240**	79,621
Life Science Equipment and Consumables	**120,978**	128,762
Total gross profit for reportable segments	**293,271**	301,217
Selling and marketing expenses	**(139,607)**	(131,851)
Administrative expenses	**(85,382)**	(107,225)
Net impairment gains/(losses) on financial assets and contract assets	**3,670**	(3,389)
Research and development expenses	**(45,072)**	(53,549)
Other income	**12,308**	27,548
Other gains – net	**14,963**	2,430
Finance costs – net	**(10,653)**	(14,307)
Share of net profit of investments accounted for using the equity method	**4,628**	298
Profit before income tax	**48,126**	21,172

The segment assets as at 31 December 2025 and 2024 are as follows:

	2025		2024	
	Total assets	**Investments accounted for using the equity method**	Total assets	Investments accounted for using the equity method
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Integrated Process and Packaging Equipment & Systems	**1,185,891**	**66,585**	1,143,870	60,281
Consulting, Digitalization and Construction	**513,831**	**–**	502,916	–
Life Science Equipment and Consumables	**247,646**	**–**	218,154	–
Total segment assets	**1,947,368**	**66,585**	1,864,940	60,281
Unallocated:				
Deferred tax assets	**12,382**		15,169	
Headquarter assets	**168,253**		203,526	
Total assets	**2,128,003**		2,083,635	

All assets are allocated to operating segments other than deferred tax assets and headquarter assets. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

	2025 **Total liabilities** ***RMB'000***	2024 Total liabilities *RMB'000*
Integrated Process and Packaging Equipment & Systems	**479,357**	471,044
Consulting, Digitalization and Construction	**322,628**	252,807
Life Science Equipment and Consumables	**108,899**	96,529
Total segment liabilities	**910,884**	820,380
Unallocated:		
Deferred tax liabilities	**41,890**	40,181
Short-term borrowings	**237,618**	229,750
Long-term borrowings	**63,225**	25,142
Current portion of long-term borrowings	**20,781**	98,884
Headquarter liabilities	**29,520**	75,830
Total liabilities	**1,303,918**	1,290,167

All liabilities are allocated to operating segments other than deferred tax liabilities, short-term borrowings, long-term borrowings, current portion of long-term borrowings and headquarter liabilities. Liabilities used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

Geographical information

Information about the Group's revenue from external customers is presented based on the country in which the customer is located, and certain assets are based on country where the assets are located.

	2025 ***RMB'000***	2024 *RMB'000*
Revenue		
Mainland China	**1,334,665**	1,333,487
Other regions outside mainland China and other countries	**196,007**	166,915
	1,530,672	1,500,402

	2025 ***RMB'000***	2024 *RMB'000*
Non-current assets other than financial assets and deferred tax assets		
Mainland China	**473,679**	492,111
Other regions outside mainland China and other countries	**26,120**	24,594
	499,799	516,705

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025	2024
	RMB'000	*RMB'000*
Customer A[1]	**169,893**	N/A[2]

[1] Revenue from Integrated Process and Packaging Equipment & Systems and Consulting, Digitalization and Construction.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

* No single customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2024.

4. FINANCE COSTS – NET

	2025	2024
	RMB'000	*RMB'000*
Finance costs		
– Bank borrowings	**(10,639)**	(14,365)
– Lease liabilities	**(1,312)**	(2,649)
– Other financial liabilities	**(163)**	(188)
	(12,114)	(17,202)
Finance income		
– Bank deposits	**1,461**	2,895
	1,461	2,895
	(10,653)	(14,307)

5. OTHER GAINS – NET

	2025	2024
	RMB'000	*RMB'000*
Exchange gains/(losses), net	**8,735**	(4,096)
Gain on early termination of lease contracts	**2,788**	1,060
Loss on disposal of intangible assets	**(300)**	–
Loss on disposal of property, plant and equipment	**(171)**	(197)
Loss on derecognition of a joint venture	**–**	(423)
Gain on bargain purchase on acquisition of a subsidiary	**–**	4,066
Others	**3,911**	2,020
	14,963	2,430

6. EXPENSES BY NATURE

	2025	2024
	RMB'000	*RMB'000*
Raw materials used	**823,990**	738,226
On-site subcontract fee	**87,167**	110,337
Technical service fee	**31,986**	30,149
Staff costs, including directors' emoluments *(Note 7)*	**368,315**	402,632
Depreciation		
– Property, plant and equipment	**28,309**	28,694
– Right-of-use assets	**13,323**	17,170
Amortisation	**7,549**	7,242
Travel expenses	**40,780**	34,825
Freight and port charges	**23,977**	28,280
Professional fee	**5,442**	6,885
Sales tax and surcharges	**11,615**	9,835
Warranty provision	**4,874**	5,821
Office expenses	**11,138**	13,417
Business entertainment expenses	**8,524**	11,672
Write-down of inventories	**5,102**	5,248
Promotion expenses	**7,825**	6,553
Auditors' remuneration		
– Audit service		
– Moore CPA Limited	**2,642**	2,780
– Other auditors	**362**	378
– Non-audit service		
– Moore CPA Limited	**188**	188
Repair and maintenance	**3,838**	3,539
Human resources management expenses	**1,560**	1,512
Labour productive cost	**1,333**	2,025
Bank charges	**1,346**	1,760
Communication expenses	**830**	1,507
Renovation expenses	**2,532**	2,424
Convention service expenses	**153**	722
Property management fee	**669**	142
Other operating expenses	**12,093**	17,847
	1,507,462	1,491,810

7. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2025	2024
	RMB'000	*RMB'000*
Salaries and bonuses	**293,052**	319,464
Pension and social obligations	**75,263**	83,168
	368,315	402,632

8. INCOME TAX EXPENSE

	2025	2024
	RMB'000	*RMB'000*
Current income tax expense		
– PRC corporate income tax	**8,300**	3,768
– Hong Kong and overseas profits tax	**44**	548
	8,344	4,316
Underprovision/(overprovision) in prior years		
– PRC corporate income tax	**1,381**	(221)
– Hong Kong and overseas profits tax	**32**	–
	1,413	(221)
Deferred tax expense	**5,489**	3,505
	15,246	7,600

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from local income tax.

The Group's subsidiaries incorporated in the BVI under the International Business Companies Acts or, as the case may be, BVI Business Companies Act are exempted from local income tax.

The taxation of the Group's subsidiaries in Hong Kong is calculated at 16.5% of the estimated assessable profits for the Year (2024: 16.5%), except for a subsidiary of the Group in Hong Kong which is a qualifying entity applicable to the two-tiered profits tax rates. Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million of assessable profits will be lowered to 8.25%, and assessable profits above HK$2 million will continue to be subject to the rate of 16.5%.

Corporate income tax in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's PRC subsidiaries is 25%, except for certain subsidiaries which are taxed at preferential tax rates. Shanghai Austar Pharmaceutical Technology Equipment Ltd. ("**Shanghai Austar**"), Austar Pharmaceutical Equipment (Shijiazhuang) Ltd. ("**Austar SJZ**"), and Austar Hansen Lifesciences (Shanghai) Ltd. ("**Austar Hansen**") are high and new technology enterprises certified by relevant local authorities in the PRC. These entities are entitled to preferential corporate income tax rates of 15% upon fulfilment of certain conditions under the tax ruling. Austar SJZ has been enjoying preferential corporate income tax rate since 2015 and renewed its "High and New Technology Enterprise" qualification for another three years in 2024. Austar Hansen has been enjoying preferential corporate income tax rate since 2013 and renewed its "High and New Technology Enterprise" qualification for another three years in 2025. Shanghai Austar has been enjoying preferential corporate income tax rate since 2013 and renewed its "High and New Technology Enterprise" qualification for another three years in 2022.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic and diluted earnings per share is based on the following:

	2025	2024
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**33,805**	16,079

	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purposes of calculating the basic and diluted earnings per share	**512,582**	512,582

As the Company had no potential ordinary shares for each of the years ended 31 December 2025 and 2024, diluted earnings per share for the years ended 31 December 2025 and 2024 are the same as basic earnings per share.

10. DIVIDENDS

The Board did not propose any final dividend for the year ended 31 December 2025 (2024: Nil).

11. TRADE AND NOTES RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**361,736**	431,813
Notes receivables *(Note (b))*	**34,648**	43,170
	396,384	474,983
Less: loss allowance	**(44,738)**	(50,449)
End of the year	**351,646**	424,534

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB299,705,000, net of loss allowance.

Notes:

(a) The ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature of RMB3,383,000 (2024: RMB3,340,000)) based on sales contracts at the respective dates of consolidated statement of financial position is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 6 months	**213,350**	266,333
6 months to 1 year	**28,789**	45,967
1 to 2 years	**57,826**	56,252
2 to 3 years	**24,910**	33,524
Over 3 years	**36,861**	29,737
	361,736	431,813

Most of the trade receivables are due within 90 days in accordance with sales contracts.

Included in the trade receivables are debtors with a carrying amount of RMB196,896,000 (2024: RMB219,212,000) at 31 December 2025, which are past due. Out of the past due balances, RMB176,295,000 (2024: RMB182,290,000) has been past due 90 days or more and is not considered as in default at 31 December 2025 by considering the continuous business relationship and historical repayments from these customers. The Group does not hold any collateral over these balances or charge any interest thereon.

The Group applies the simplified approach to provide for expected credit losses ("**ECLs**") on all trade receivables. Trade receivables that are known to have financial difficulties or significant doubt on collection have been assessed for ECL individually. ECLs are also estimated by grouping the remaining trade receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery by taking into account their historical credit losses, as well as the prevailing market conditions.

(b) Most of the notes receivables are bank acceptance with maturity dates within six months (2024: within six months). At 31 December 2025, notes receivables of RMB25,516,000 (2024: RMB20,633,000) were classified as financial assets at fair value through other comprehensive income.

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain notes receivables accepted by banks in the PRC (the "**Endorsed Notes**") with a carrying amount of RMB142,194,000 (2024: RMB72,778,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**").

In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes of RMB23,332,000 (2024: RMB15,377,000), and accordingly, it continued to recognise the full carrying amounts of such Endorsed Notes and the associated trade payables settled (Note 13(d)). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge to any other third parties.

(c) The carrying amounts of the Group's trade and notes receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025	2024
	RMB'000	*RMB'000*
United States Dollar ("**US$**")	**22,321**	17,258
Euro ("**EUR**")	**2,173**	4,033
Others	**711**	227
	25,205	21,518

12. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	2025	2024
	RMB'000	*RMB'000*
Contract assets		
– Unbilled revenue	**572,390**	456,733
– Retention receivables	**77,278**	124,317
	649,668	581,050
Less: loss allowance	**(21,488)**	(18,573)
Total contract assets	**628,180**	562,477
Contract liabilities	**(260,343)**	(202,263)

As at 1 January 2024, contract assets amounted to RMB642,906,000 and contract liabilities amounted to RMB180,190,000.

13. TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**460,347**	382,106
Payroll and welfare payable	**49,165**	65,987
Accrued expenses	**27,881**	37,081
Payable to vendors of project cost and construction	**78,580**	108,252
Indirect taxes payable	**7,859**	5,525
Warranty provision *(Note (e))*	**8,517**	15,954
Employee payables	**2,570**	2,681
Others	**18,922**	21,685
	653,841	639,271

Notes:

(a) The ageing analysis of trade payables (including amounts due to related parties of trading in nature of RMB1,425,000 (2024: RMB1,490,000)) based on invoice date is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 6 months	**342,227**	269,889
6 months to 1 year	**54,427**	47,041
1 to 2 years	**37,035**	41,792
2 to 3 years	**11,636**	8,235
Over 3 years	**15,022**	15,149
	460,347	382,106

(b) As at 31 December 2025 and 2024, the carrying amounts of trade and other payables are approximated at their fair values.

(c) The carrying amounts of the Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025	2024
	RMB'000	*RMB'000*
US$	**43,041**	24,545
EUR	**389**	3,945
Others	**148**	190
	43,578	28,680

(d) As at 31 December 2025, payments for trade payables of RMB23,332,000 (2024: RMB15,377,000) with notes receivables were not derecognised.

(e) The warranty provision represents the management's best estimate of the Group's liability under 2-year assurance-type warranty granted on pharmaceutical equipment, based on prior experience for defective products.

	2025	2024
	RMB'000	*RMB'000*
At 1 January	**15,954**	20,781
Additional provision in the year	**4,874**	5,821
Utilisation of provision	**(12,311)**	(10,648)
At 31 December	**8,517**	15,954

14. LONG-TERM BORROWINGS

	2025	2024
	RMB'000	*RMB'000*
Long-term bank borrowings, secured *(Note (a))*	**10,000**	35,869
Long-term bank borrowings, unsecured *(Note (b))*	**74,006**	88,157
	84,006	124,026
Less: Long-term borrowings due within one year	**(20,781)**	(98,884)
	63,225	25,142

The carrying amount of the above borrowing is repayable*:

Within one year	**20,781**	98,884
Within a period more than one year but not exceeding two years	**63,225**	25,142
	84,006	124,026
Less: amount due within one year shown under current liabilities	**(20,781)**	(98,884)
Amounts shown under non-current liabilities	**63,225**	25,142

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(a) As at 31 December 2025, the secured long-term bank borrowings are denominated in RMB and secured by the Group's buildings and right-of-use assets (2024: building and right-of-use assets). For the year ended 31 December 2025, the secured long-term bank borrowings bore interest rates of 2.65% (2024: ranging from 3.65% to 4.25%) per annum.

(b) As at 31 December 2025, the unsecured long-term bank borrowings were denominated in RMB and bore interest rates ranging from 2.65% to 3.70% (2024: 3.30% to 3.65%) per annum. As at 31 December 2025 and 2024, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

As at 31 December 2025, the fair value of the long-term borrowings (including long-term borrowings due within one year) was not materially different to their carrying amounts, since the interest payable on those borrowings was close to current market rates.

The exposure of the Group's long-term borrowings are as follows:

	2025	2024
	RMB'000	*RMB'000*
Fixed-rate borrowings	**19,341**	25,880
Variable-rate borrowings	**64,665**	98,146
	84,006	124,026

The Group's variable-rate long-term borrowings carry interest at the People's Bank of China Loan Prime Rate, subject to a spread ranging from -0.35% to +0.30% (2024: -0.05% to +0.90%) per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's long-term borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	**3.65% to 3.70%**	3.65%
Variable-rate borrowings	**2.65% to 3.40%**	3.30% to 4.25%

The Group's long-term borrowings are denominated in RMB which is the functional currencies of the relevant group entities.

15. SHORT-TERM BORROWINGS

	2025	2024
	RMB'000	*RMB'000*
Short-term bank borrowings, secured *(Note (a))*	**97,630**	72,579
Short-term bank borrowings, unsecured *(Note (b))*	**139,988**	157,171
	237,618	229,750

Notes:

(a) As at 31 December 2025, the secured short-term bank borrowings were denominated in RMB and New Taiwan Dollar (2024: RMB) and secured by the Group's buildings, right-of-use assets and pledged bank deposits (2024: buildings, right-of-use assets and pledged bank deposits). For the year ended 31 December 2025, the secured short-term bank borrowings bore interest rates from 1.20% to 3.00% (2024: 1.50% to 3.80%) per annum and were repayable within one year.

(b) As at 31 December 2025, the unsecured short-term bank borrowings are denominated in RMB (2024: RMB) and bore interest rates ranging from 2.40% to 3.00% (2024: 2.95% to 3.90%) per annum and were repayable within one year. As at 31 December 2025 and 2024, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

The exposure of the Group's short-term borrowings are as follows:

	2025	2024
	RMB'000	*RMB'000*
Fixed-rate bank borrowings	**172,383**	180,886
Variable-rate bank borrowings	**65,235**	48,864
	237,618	229,750

The Group's variable-rate bank borrowings carry interest at the People's Bank of China Loan Prime Rate, subject to a spread ranging from -0.30% to -0.10% (2024: +0.35%) per annum or at Taiwan Bank's one-year fixed-term savings deposit flexible interest rate plus 1.28% per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's short-term bank borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate bank borrowings	**1.20% to 3.00%**	1.50% to 3.90%
Variable-rate bank borrowings	**2.70% to 3.00%**	3.45% to 3.80%

The Group's short-term bank borrowings are denominated in RMB and New Taiwan Dollar which are the functional currencies of the relevant group entities.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global pharmaceutical industry continued on its growth trajectory in 2025 even amid disruptions caused by economic pressures, trade tensions, regulatory influences and cautious investments. Multiple drivers underpin this growth, including rising demand for medication for aging populations and chronic diseases, continual advancements in medical sciences and biotechnology, the impact of the patent cliff – which, while challenging branded revenues, creates opportunities for generics. Ongoing growth in areas such as personalised medicine and digital transformation further contributes to this momentum. In China, steady growth in the market demand for pharmaceutical equipment and engineering services could be noticed, which is driven by technological innovation, supply chain restructuring, and the accelerated market access of domestic innovative drugs. It is clear that through intelligent manufacturing, industrial transformation and upgrading, as well as more specialised and integrated services, improving production efficiency and reducing operating costs are the main direction for pharmaceutical enterprises.

The Chinese Good Manufacturing Practice ("**GMP**") Annex Sterile Drug Products (draft for comment) released in 2025 was an important revision that conforms to the Pharmaceutical Inspection Co-operation Scheme (PIC/S) international standards and adapts to industry development. The new regulations will require pharmaceutical enterprises to seek more professional services in terms of Contamination Control Strategy (CCS), pharmaceutical quality system and quality risk management, qualification and validation, cleanrooms, and utilities.

The implementation of "Construction and Acceptance Standards for Cleanrooms in Pharmaceutical Industry Facilities" (GB/T51466-2025) and its supporting standards such as "Test Methods for Suspended Particles in Cleanrooms of Pharmaceutical Industry Facilities" marked a new stage of professionalisation and standardisation. A full-chain compliance system covering design, construction, acceptance, and operation and maintenance encourages industry players to shift their development model from "one-time compliance" to "long-term stable compliance", and creates business opportunities for those with deep knowledge and experience in compliance such as AUSTAR.

European Union (EU) GMP and its Annex (pending for public comments), and the revised version of the GMP for Medical Devices provide guidelines for driving innovation in the pharmaceutical industry, enabling a unified digital compliance framework for the "Pharma 4.0". Updates to these guidelines are expected to create robust demand for AUSTAR's services in digital transformation and planning, data governance systems, and computerised system management and validation.

China has achieved notable progress in intelligent manufacturing and digital transformation. By the end of 2025, 85 sites had been designated as "Lighthouse Factories", representing over 40% of the global total, including 10 in the pharmaceutical, food, medical device, and life sciences sectors. The use of digitalization, intelligent technologies, digital twins, and lean methodologies is enhancing traceability, process efficiency, quality control, and cost performance. Lighthouse Factory development demands advanced digital system integration and high standards in design, construction, commissioning, and operations – capabilities that position AUSTAR to support the growth of such projects in the life sciences industry.

Advances in nucleic acid modification and GalNAc-conjugated delivery have removed key drug discovery and development constraints, accelerating the development of small nucleic acid therapies. In 2025, the long-acting lipid-lowering injection drug, Inclisiran, received FDA approval for use as monotherapy, marking a shift in indications from rare diseases to metabolic disorders, signalling the next phase of growth for this modality.

BUSINESS REVIEW

For the Year, while the Group recorded a slight increase in revenue by approximately 2.0%, order-in-take increased by approximately 11.4% as compared to the same period in 2024 due to the successful acquisition of key project contracts. Net profit after tax increased in the Year by 142.3%. Net cash from operating activities increased by 33.7%.

The Group is navigating a period of sharpening its overall competitive edges, as characterised by global business expansion, in-depth research and business development in non-pharma life sciences sectors, "product and project" based business model transformation, and comprehensive and distinguished service portfolio establishment. Following the guidance of these strategies, concrete improvements and positive results were achieved during the Year.

Through reorganising and establishing the international business team at both Group level and Business Group level, technology experts of different fields worked as a unified force and strengthened AUSTAR's overall technology capabilities, resulting in winning more international projects in 2025, especially from multinational companies (MNC) clients. Meanwhile, leading pharmaceutical enterprises in China are on their way to the global market as well. Based on previous successful collaborations and their recognition of AUSTAR's capability, future collaborations on their projects outside China are promising.

Continuous expansion of the product line and categories, from both in-house research & development ("**R&D**") and resource integration, is the prerequisite for our "product and project" business model development.

In 2025, amid surging market demand for synthetic peptide drugs, the 100L–2,000L commercial-scale peptide synthesizers and synthesis systems achieved sustained volume growth and received positive market feedback.

In the oligonucleotide segment, the pilot and commercial-scale production system delivered outstanding performance. AUSTAR successfully facilitated multiple CDMO companies in the smooth transition from engineering construction to pilot or commercial production operations.

Securing the licensing cooperation with POWTEC Maschinen and Engineering GmbH for an important product, the dry granulator, in 2025 marked a significant step in enhancing our powder and solid laboratory technical capabilities and facilitating AUSTAR's turnkey contracting for Oral Solid Dosage (OSD) core process systems.

The successful replication of a digitalization project with a capacity requirement of an annual output over 10 billion tablets in China is another milestone. By deeply integrating Formulation Technology, Powder Handling System, Automated Guided Vehicle (AGV) for material transfer, as well as core solid preparation process equipment (including dry granulators, wet granulators and coating machines) with an intelligent production control system, energy management system and central dust removal system, AUSTAR provided clients with digitalised and integrated turnkey solutions.

The Group secured a contract to deliver China's largest-capacity system of its kind, a 2,000L granulation and drying production line. By absorbing the core technologies from Europe and the US, the Group broke through the technical bottleneck of ultra-large production capacity and helped clients establish the production system with the largest single-line capacity for metformin, a classic generic drug for diabetics.

The visual inspection machines market is shifting from a focus on production capacity to an emphasis on high precision, intelligence, and the ability to address specific technology pain points. In response to the challenges in inspecting complex liquid formulations, AUSTAR leveraged the technical superiority of C-True series inspection machines, and replaced traditional detection solutions in several key projects, which strengthened our position in the area of complex formulation visual inspection.

The Group successfully launched a Pre-filled Syringe (PFS) filling machine, specially designed for pre-fillable containers (compatible with cartridges, vials, etc.). The filling machine could be used in the field of biopharmaceuticals, vaccines, high-end preparations, medical aesthetics, cosmetics etc., representing a crucial step for further expansion in both pharmaceutical and non-pharmaceutical applications.

Driven by factors such as technological innovation, stricter regulations, sustainable development, and continuous upgrading of market structure, the demand for high-end, specialised, and comprehensive integrated services is increasingly prominent. By strengthening the professional depth in terms of compliance, forward-looking processes, and full life-cycle services, AUSTAR showcased our differentiated advantages in the overall professional capabilities. Through the systematic establishment of global delivery capabilities and local support systems in various global regions, the Group has successfully implemented benchmark projects in some key global markets, which have significantly enhanced our brand reputation in the global pharmaceutical field.

ORDER-IN-TAKE

Set out below is a breakdown of the value of the Group's order-in-take (value-added tax ("**VAT**") included) by business segment:

Order-in-take by business segment	**For the year ended 31 December** **2025** *RMB'000*	*%*	2024 *RMB'000*	*%*	**Change** *%*
Integrated Process and Packaging Equipment & Systems	**1,063,828**	**55.2%**	828,501	47.9%	28.4%
Consulting, Digitalization and Construction	**525,265**	**27.3%**	540,783	31.3%	(2.9%)
Life Science Equipment and Consumables	**337,426**	**17.5%**	359,551	20.8%	(6.2%)
Total	**1,926,519**	**100.0%**	1,728,835	100.0%	11.4%

The total order-in-take amounted to approximately RMB1,926.5 million, representing an increase of approximately RMB197.7 million or 11.4% for the Year, from approximately RMB1,728.8 million for the year ended 31 December 2024. The Business Group of Integrated Process and Packaging Equipment & Systems ("**IPS Business Group**") had an increase of 28.4%. At the same time, the Business Group of Consulting, Digitalization and Construction ("**CDC Business Group**") and Life Science Equipment and Consumables ("**SIC Business Group**") experienced a decrease of 2.9% and 6.2%, respectively.

Integrated Process and Packaging Equipment & Systems

The order-in-take amount of the IPS Business Group amounted to approximately RMB1,063.8 million for the Year, showing an increase of approximately RMB235.3 million, or 28.4%, compared to approximately RMB828.5 million for the year ended 31 December 2024.

The overall economic landscape in 2025 remained relatively weak, yet the industry showed signs of gradual recovery. Amidst fierce market competition, the IPS Business Group secured several key projects through dedicated efforts, overseas market expansion, diversification into sectors like food and nuclear power, optimized cost proposals, and integration of its long-standing resources. This established multiple exemplary long-term clients, resulting in a significant year-on-year increase in overall contract awards. The IPS Business Group is now exploring new avenues for expansion.

Consulting, Digitalization and Construction

The order-in-take amount of the CDC Business Group recorded approximately RMB525.3 million for the Year, representing a decrease of approximately RMB15.5 million, or 2.9%, from approximately RMB540.8 million for the year ended 31 December 2024.

In 2025, amid tightening financing conditions, weaker investment willingness among pharmaceutical clients, heightened regulatory scrutiny, rising investment costs and intensified industry competition, the contract value of cleanroom engineering business declined compared with the year ended 31 December 2024. Overall new construction projects decreased, homogeneous competition intensified sharply, and geopolitical impacts led to a decline in consulting and international certification projects during the Year. Meanwhile, automation services that provide comprehensive energy-saving and efficiency-boosting solutions aligned well with market demand and achieved modest growth in 2025. Driven by the recovery of the pharmaceutical sector and the expansion of its new customer base, the after-sales service business recorded a growth in order volume during the Year.

In 2026, the CDC Business Group will strategically expand into sub-sectors including medical devices, aesthetic medicine and medical-grade food, to foster diversified growth drivers. By deepening cooperation with high-end clients, increasing participation in the early stages of projects, expanding into overseas markets and developing high-quality customer resources, as well as strengthening product line integration, the CDC Business Group aims to secure more high-value contracts in the premium market.

Life Science Equipment and Consumables

The order-in-take amount of the SIC Business Group decreased by approximately RMB22.2 million, or 6.2% from approximately RMB359.6 million for the year ended 31 December 2024 to approximately RMB337.4 million for the Year.

The tariff standoff between China and the US had led to a significant increase in the cost of imported consumables. Coupled with intensifying competition in the domestic market, the pharmaceutical industry had accelerated its shift toward diversified and localized procurement, resulting in a decline in orders for imported products. Concurrently, domestically produced own brand products ("**OBP**") had seen substantially increased orders and achieved breakthroughs in overseas markets. However, as their current order share remained relatively low, overall orders still showed a slight decrease compared to 2024 after offsetting these impacts.

In 2026, order volume will be boosted through the following initiatives:

(1) Continuously enhance the production and R&D capabilities of the consumables manufacturing center and refine the OBP supply system to gradually strengthen AUSTAR's proprietary brand competitiveness, effectively bolstering the Company's core competitiveness in an increasingly competitive market environment.

(2) The established and expanding overseas supply capabilities will facilitate entry into emerging biopharmaceutical markets (e.g., Southeast Asia, Latin America, Middle East). Growing international demand for aseptic transfer and contamination control solutions is expected to generate additional orders in these markets.

(3) The SIC Business Group will focus on its core domestic life science client base to strengthen proprietary brand capabilities. Leveraging over two decades of contamination control expertise, the SIC Business Group will provide comprehensive, compliant, and lean contamination control strategies to help clients efficiently navigate regulatory upgrades and production risks. Through deep collaboration with these core clients, the SIC Business Group will gradually expand its target customer coverage while enhancing client loyalty and repeat purchase rates.

BACKLOGS

Set out below is a breakdown of the Group's closing value of backlogs (VAT excluded) and the corresponding number of contracts by business segment as at 31 December 2025:

Backlogs by business segment	**As at 31 December 2025**			
	Number of contracts	*%*	***RMB'000***	*%*
Integrated Process and Packaging Equipment & Systems	**577**	**36.7%**	**573,183**	**50.8%**
Consulting, Digitalization and Construction	**872**	**55.5%**	**528,950**	**46.9%**
Life Science Equipment and Consumables	**123**	**7.8%**	**26,330**	**2.3%**
Total	**1,572**	**100.0%**	**1,128,463**	**100.0%**

PRODUCTION, EXECUTION AND ORGANISATION

Excellent production techniques and stable product quality are crucial guarantees for customer satisfaction. Under the guidance of AUSTAR Production System (APS), the five production sites, located in the UK, France, and Mainland China, collaborate closely with the aim of improving product quality while enhancing productivity. In 2025, continuous improvements were made in multiple aspects such as production site optimisation, organisation synergy, personnel training, efficiency enhancement and man-hour management.

Informatisation and lean improvement: Realise the digitalization of the entire process from production planning, material scheduling to traceability, which ensures product quality while shortening the response cycle. Through standardised operations, value stream analysis, and full-process lean improvement, nearly 100 rationalisation proposals and Kaizen initiatives were rolled out, which significantly increased the per capita output.

Optimisation of technology and production organisation: Enhance the overall execution efficiency from research and design to installation and commissioning. Establish specialised assembly workshops to accommodate complete line installation and commissioning, and facilitate exchanges between China and UK production sites to enhance personnel production techniques and promote global expansion.

Supply chain synergy and after-sales support: Carry out in-depth cooperation between production and supply chain, increase process control ability to ensure stable material supply and one-time delivery qualification rate. In addition, provide installation and testing support for after-sales and on-site testing projects to improve working efficiency and customer satisfaction.

Efficiency improvement and man-hour management: By adopting concentrated project production and cross-functional operations, and closely tracking the material arrival rates to control project and shared man-hours, the proportion of shared man-hours throughout the Year has significantly decreased.

Focusing on full-lifecycle project execution across biopharmaceuticals, chemical preparations, sterile active pharmaceutical ingredients (APIs), polypeptides, recombinant proteins, and vaccines etc., Project Execution Center ("**PEC**") delivered 340 projects out of over 820 projects executed throughout 2025.

In the Chinese market, PEC concentrated on cutting-edge biomedical fields and established benchmark projects including plant-derived recombinant human serum albumin industrialisation, 3D-printing intelligent solid dosage manufacturing, all of which adhered to GMP and international compliance requirements throughout all processes.

The team undertook a large capacity biopharmaceutical project and was responsible for the design and implementation of full-plant intelligence, automation and energy-saving solutions, realising core technologies such as hyper-convergence and Information Technology (IT)/ Operational Technology (OT) integration. The project was deployed with industry-leading platforms including Emerson DeltaV, and established a post-delivery follow-up mechanism to ensure stable production line commissioning.

The team also achieved its first medical device R&D laboratory GMP system upgrading project, realising deep integration of GMP and China National Accreditation Service for Conformity Assessment (CNAS) systems. This initiative successfully supported the client in obtaining GMP certification through authoritative audits, which earned high recognition from the client.

In the global market, PEC concentrated on cleanroom engineering, expanding its reach to Southeast Asia, North Africa, Central Asia, etc. Through executing key projects like ampoule drug product production project in Uzbekistan, a sterile freeze-drying API production line in Indonesia, and soft capsule as well as antibiotic ointment/cream production lines in Algeria, the execution team has completed the full execution process, accumulated experience and refined our operational systems, which will strengthen the Group's competitiveness in the global market.

SALES AND MARKETING

The Group's internal sales cooperation model is designed to encourage sales teams from different sectors and different product lines to support each other to offer a more relevant solution to our clients. This model is facilitated by a sophisticated business-intelligent information system of customer relationship management to ensure our clients are properly taken care of and our sales teams work cost-effectively.

In China, through years of sales talent and organisation development, the Company's sales process is relatively mature, covering the areas of biological and chemical medicine, medical devices, animal health, Chinese medicine, cosmetics, nutra-pharmaceuticals etc. The China sales team is focusing on the China market, while the specific subject matter experts and technology application team are supporting regional sales through technical support, proposal preparation and presentation.

For global expansion, we have been building up the team according to execution strategies. In the last few years, European and Southeast Asian teams were recruited to directly take care of the related sales leads and enquiries. The Group has been working on establishing partnerships and developing sales agents in new territories. By the end of 2025, the Group has formally established cooperative relationships with five new sales agents in the markets of the US, Greece, Uzbekistan, Egypt and India. More breakthroughs and collaborations will follow in developing new markets.

In the second half of 2025, the Group delivered 22 marketing initiatives, bringing the annual total to 36. In addition to strengthening our presence across traditionally focused regions in South Asia, Southeast Asia, Europe, and Russia, we broadened our reach into new global markets in East Asia, North Africa, and Latin America. Several initiatives were executed in close partnership with local agents, further enhancing market access and penetration. Participation in international exhibitions and industry exchanges played a pivotal role in opening new markets, elevating brand recognition, and deepening customer understanding of AUSTAR's technical and engineering capabilities through direct, face-to-face engagement. Furthermore, Open Day visits provided clients with valuable insights into AUSTAR's manufacturing strengths and execution competence.

The Group has officially launched its new Chinese-English bilingual website. As the main corporate portal, the upgraded platform aims to provide global audience with a better understanding of AUSTAR's business and its scientific and technological strengths. In addition, more interactive functions have been established, such as the Industry Insights section – with more than 160 free videos sharing the latest technology knowledge and regulation interpretation; the References section – showcasing classic projects AUSTAR executed to demonstrate its technology competence and solutions in different professional fields; and a Resource Centre – offering over 270 brochures in five languages for clients to download. Our purpose is to promote industry progress through collaborating with all industry contributors.

Social media is a sound business promotion tool for its timely engagement with end users. In 2025, the Group released over 1,380 posts via different Group accounts, which generated over 540,000 views. Meanwhile, two columns were established on LinkedIn, namely "AUSTAR Views" and "AUSTAR Showcase", which attracted over 11,000 subscribers. We would like to share AUSTAR's business progress with all industry players in a timely manner to increase mutual understanding.

RESEARCH AND DEVELOPMENT

As of 31 December 2025, the Group owned 422 patents. During the Year, the Group obtained 24 newly registered patents, and applications for 51 patents are currently in progress.

A cone-cylinder Nutsche filter dryer was developed based on the existing Nutsche filter dryer. This product will expand the drying equipment product portfolio, and enable AUSTAR to provide clients with a more comprehensive drying equipment product portfolio.

Through technical and patent licensing, AUSTAR successfully achieved independent in-house production of core process equipment, including dry granulators and tablet coaters, and obtained commercial orders in the same year. The introduction of these products is an effective supplement to the core process equipment portfolio, and will improve the overall turnkey contracting capability.

Following the development of upstream cell and microbial standard culture systems, the Group has taken further steps in developing the core downstream equipment such as chromatography and inline conditioning system through business cooperation, together with the addition of single-use bioreactors to expand the application of online Raman systems in both upstream and downstream fields.

Tangential Flow Filtration (TFF), a key unit in the downstream purification process of biopharmaceuticals, has a strong impact on product quality, yield and production cost. In 2025, through an ultrafiltration project in India, AUSTAR has successfully completed the design, R&D, manufacturing and engineering application of its ultrafiltration equipment system, with its key characteristics and performance data having fully met the design requirements. This marked an important step forward in the business development of ultrafiltration products.

In the area of visual inspection technology, significant achievements were made across several new products. Addressing the challenge of cartridge inspection, AUSTAR successfully developed a new product model, which could overcome the core algorithm bottlenecks in identifying foreign particles in suspensions and eliminating bubble interference, and effectively solve the long-standing issue of high false rejection rates.

The successful launch of the Pre-filled Syringe (PFS) inspection machine has improved the C-True series product matrix. In addition, this product was successfully introduced to the medical aesthetics industry. This product innovation has greatly enriched AUSTAR's product application scenarios, and expanded business opportunities.

In the field of vaccine product inspection, our technical capabilities have been fully verified. Particularly, the dedicated inspection machine developed for pneumonia vaccines has taken a leading position in China due to its outstanding detection accuracy and stability.

The development of an external container washer is an important addition to the liquid and powder filling line product portfolio. This in-house development ensures product quality and delivery time, and also enhances the team's capability to supply fully integrated filling lines for highly toxic and highly potent products.

Building upon the existing Vial Disc Capping Machine, the Group has developed a Single-Knife Vial Capping Machine. This achievement expands the available options and diversity in capping methods. The Single-Knife Capping Machine facilitates quicker and more convenient changeover and debugging for products of multiple specifications, while also delivering superior capping results. Its technical advantages are particularly pronounced in serving the high-end market, especially for clients with a variety of container formats.

PROSPECTS

Based on the continuous improvements in technological capabilities, and growing maturity of its product and service portfolios, the Group has established its unique and differentiated growth drivers following its successful establishment of three Business Groups, namely Consulting, Digitalization and Construction (CDC), Integrated Process and Packaging Equipment & Systems (IPS) and Life Science Equipment and Consumables (SIC). Despite facing headwinds in traditional markets, the Group maintains strong growth momentum, fuelled by the unlocking of new markets and progress in adjacent non-pharma sectors.

Consulting, Digitalization and Construction

As a service-based business group, the CDC Business Group integrates global resources to deliver end-to-end solutions – spanning consulting, engineering, digital transformation, and operations and maintenance. Superior project management and execution capabilities enable forward-looking, flexible turnkey delivery throughout the entire project lifecycle.

By identifying market trends, the CDC Business Group keeps refreshing its service portfolio to meet clients' growing expectations. Based on their profound industry knowledge and experience in consultancy, digitalization and regulatory compliance, the adoption of "Front-End Consulting – Intelligent Design – Compliance Integration" service model, which focuses on "Process Integration, Data Continuity, Delivery Upgrade", has made it possible to serve technically demanding multinational pharmaceutical companies, and successfully differentiated itself from other industry players.

The CDC Business Group has successfully executed a large number of engineering projects in China over the past decade and accumulated extensive expertise in addressing various challenges related to the construction of pharmaceutical and related facilities. Meanwhile, the team also has proven track records of helping clients achieve facility digitalization, as the importance of facility digitalization has proved to be an effective way to reduce operating costs and has been largely recognised by pharmaceutical companies in China. Such valuable engineering projects experience and digitalization capabilities have built a solid foundation for business expansion into other global markets. We are continuously sharpening these competencies, and it is believed that the integrated service capability can help to bring in high-value turnkey projects and generate substantial profit in the medium to long term.

Integrated Process and Packaging Equipment & Systems

Focusing on life sciences core process equipment R&D, process system engineering and professional process technology services, the IPS Business Group has been putting efforts on continuous technological iteration and refinement. Following the strategic approach of "Driving differentiation through technology" and based on the understanding of client expectations of "platform-based, intelligent and integrated solutions", the IPS Business Group could provide one-stop solutions in the area of:

- Liquid and Bioprocess Systems, featuring Liquid Process and Clean Utility Systems, Liquid Preparation and Complex Formulation, and Bioprocess Systems.

- Aseptic Filling and Freeze Drying, Visual Inspection and Secondary Packaging, featuring Aseptic Filling and Freeze Drying, Visual Inspection Product Line, and Secondary Packaging Solutions.

- Powder and Solid Intelligent Process Systems, featuring Powder Handling System, API, Peptide and Small Nucleic Acid Solution and Oral Solid Dosage Solution.

The strategic shift from a project-based business model to a "Product in Project" and "Product + Project" business model enables the IPS Business Group to put increasing effort on developing its core equipment through its own R&D capabilities instead of sourcing externally for integration. Such core equipment business is believed to be a significant potential revenue driver for the Group in the coming years and to pave the way to expand into non-pharma sectors, such as medical aesthetics and specialty medical devices, which will further diversify and strengthen our revenue streams within the broader life sciences and pharmaceutical ecosystem.

Life Science Equipment and Consumables

Leveraging expert teams and outstanding operations, the SIC Business Group integrates global insights with superior suppliers to deliver sophisticated equipment, consumables, sterility assurance, containment transfer and quality assurance.

With the formal implementation of the National Medical Products Administration (NMPA) Sterile Medicinal Products Appendix in 2026, the need for a more stringent, cost-effective and stable supply of aseptic transfer and containment consumables will surge. Based on their deep knowledge and experience in sterility assurance, containment transfer and quality assurance, and together with the continuous development of the depth and breadth of OBP, ranging from standardised consumables to specialised solutions, the SIC Business Group could provide broader product coverage and integrated services to downstream biopharma, Contract Development and Manufacturing Organization (CDMO) and high-value injectable clients.

Through over 20 years of accumulated expertise in contamination control for the life science sector, the SIC Business Group could deliver comprehensive contamination control strategy solutions that balance strict regulatory compliance with lean operational efficiency, which hold exceptional value for clients in emerging countries. Such expertise supports the business growth of such clients in highly regulated markets. Especially now and in the near future, we can offer cost-effective, self-developed and self-manufactured products to markets beyond China.

Continuous Manufacturing

Continuous manufacturing (CM) is a disruptive technology in pharmaceutical manufacturing, and has become critically significant in replacing the conventional batch manufacturing methods and offering various technical and economic benefits. A notable change in 2025 was that many enterprises have started to practically promote the implementation of continuous manufacturing technology through pilot projects, launching feasibility assessments and tests for such transformation, and actively laying out the construction and implementation of relevant commercial production lines. The Group organised the first product trial and demo of an OSD CM system developed by AUSTAR in 2023. The achievement is based on the long-term effort and resources allocated to talent development of aspects such as digitalization, PAT, pharmaceutical formulation and data processing technology. The technical improvement, driven by product development trials with clients and continuous communications that incorporate client feedback, strengthens the Group's confidence that the CM applications can bring tremendous business opportunities in terms of service and equipment in the medium to long term. The efforts on such technical resource investment will be rewarded in the long term to an astonishing magnitude.

Building Strategic Partnership in Facilitating Global Expansion

Global expansion has been one of the key development strategies of the Group. Over the past few years, although the proportion of global business has not yet become very significant, the growth rate of the Group's business in markets other than Mainland China has continued to increase, especially in the equipment and process system business unit. In addition to enhancing the direct recruitment of employees in target countries, establishing partnerships with local industry players or agents is also an important approach. The combination of each other's advantages in market resources, industry knowledge and technology capabilities could enhance the speed of business development in the local market and increase the success rate of business opportunities. Successful collaborations have brought about business opportunities and profits, and we are actively developing more partnerships in key target countries and regions.

Product Portfolios

Over the last 10 years, the Group has been transitioning its product portfolio from an agent role to a manufacturer role. Today most of the key equipment embedded in our overall technical and engineering solutions is developed and manufactured by the Group. The results of such achievements are not only making the overall solution more competitive in pricing but also offering more products for regional markets other than Mainland China. The more products in our portfolio for regional partners and agents, the more competitive the Company is in attracting better partners and agents in different global regions. The rich own-manufactured or own-brand equipment portfolio strategy implementation runs in parallel with the existing Global Expansion Initiative.

Industry Opportunities

The life sciences industry is resilient as it covers various human and animal health-related subjects, businesses of which may vary from pharmaceuticals, medical devices, medical aesthetics, nutraceuticals, to animal health. A diversified portfolio across various subsectors helps mitigate the impact of fluctuations – whether growth or decline – in any specific life sciences sector or region. Due to continuous advancement in technology and deepening knowledge in life sciences, more therapies and treatments are being discovered. In turn, these new treatments require more advanced equipment, systems and consumables to support the entire product life-cycle from product discovery and development to manufacturing. Such ever-evolving processes and resilient nature are exactly the beauty of this industry in which AUSTAR has been so fortunately involved for several decades with in-depth knowledge of its nature and product characteristics.

The Group has no intention to diversify into other industries except those that can leverage the Group's existing technology platforms with better profit margins and can acquire orders without significant marketing effort. The Group's associate company, Noozle Fluid Technology (Shanghai) Co., Ltd ("**Noozle**"), is entering the battery material handling and processing sector, with a significant share of business in non-pharma sectors. The Group will be directing increased efforts toward powder material handling and treatment, as it can easily leverage the Group's technology strengths in Containment, Formulation and Powder & Solid Processes.

Pharma Sector & Medical Aesthetics Sector

Thanks to the trust of our clients, the Group has been able to acquire complex and large-scale projects for specific drug products such as ADCs, polypeptides and oligonucleotide drugs etc., over the past several years, in some cases acting as turnkey solution providers. These fast-growing sectors can generate considerable revenue opportunities to the Group. Breakthroughs in therapies such as Cell and Gene Therapy for rare diseases offer significant opportunities for the Group's clients especially when governments such as the Chinese government are providing greater assistance through the social healthcare system to tackle the issues of rare-disease drug expenses.

Biotechnology has been applied to medical aesthetics and conventional pharmaceutical packaging technology has been adopted in medical aesthetics as well. As regulatory and quality requirements for this sector are becoming more stringent, solution providers such as the Group are well positioned to benefit from the growth of this sector in South Korea and China for consumables, equipment and systems.

Secondary Packaging in Pharma Sector

The Group has been focusing on developing packaging line products over the past 10 years by acquisition of interest in ROTA Verpackungstechnik GmbH & Co. KG ("**ROTA KG**") and technology plus ancillary business in Nanjing Bojian Technology Co., Ltd., both of which are involved mainly in primary packaging machineries. By developing visual inspection and leak detection equipment with the C-true team and brand established in 2024 as a bridge into the secondary packaging machineries business sector, the Group established the AUSTAR-Gaoger joint-branding partnership in 2025 to offer a complete pharmaceutical packaging solution. This strategic vision of becoming a dominant pharmaceutical packaging machinery manufacturer will enable the Group to develop a new revenue stream from the existing clients who have built a relationship of trust over the years through our installed process systems.

RESULTS OF OPERATIONS

Revenue

The Group provides its services and products under three Business Groups, namely: (1) Integrated Process and Packaging Equipment & Systems (IPS), the major product types of which include liquid process system and powder and solid system; (2) Consulting, Digitalization and Construction (CDC), the major product types of which include design consulting, compliance services system, and cleanroom/automation control system; and (3) Life Science Equipment and Consumables (SIC), which focuses on life sciences consumables, advanced therapies and advanced bioprocessing technologies.

The Group's total revenue amounted to approximately RMB1,530.7 million for the Year, representing an increase of approximately 2.0% compared to the year ended 31 December 2024, primarily attributable to the increase in revenue from the IPS Business Group, which was partially offset by the decrease in revenue from the CDC Business Group and the SIC Business Group.

The following table sets forth the breakdown of the Group's revenue by Business Group:

Revenue by business segment	**For the year ended 31 December**				
	2025		2024		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Integrated Process and Packaging Equipment & Systems	**794,199**	**51.9%**	655,205	43.6%	21.2%
Consulting, Digitalization and Construction	**432,470**	**28.2%**	515,814	34.4%	(16.2%)
Life Science Equipment and Consumables	**304,003**	**19.9%**	329,383	22.0%	(7.7%)
Total	**1,530,672**	**100.0%**	1,500,402	100.0%	2.0%

Integrated Process and Packaging Equipment & Systems

The Group's revenue from the IPS Business Group increased by approximately RMB139.0 million, or 21.2%, from approximately RMB655.2 million for the year ended 31 December 2024 to approximately RMB794.2 million for the Year. The increase was mainly due to an increase in both the opening backlog and orders received during the Year.

Consulting, Digitalization and Construction

The Group's revenue from the CDC Business Group decreased by approximately RMB83.3 million, or 16.2%, from approximately RMB515.8 million for the year ended 31 December 2024 to approximately RMB432.5 million for the Year. The decline in the backlog balance as at the end of 2024, coupled with the relatively weak order-in-take in the Year, resulted in a decline in revenue recognized in the Year.

Life Science Equipment and Consumables

The Group's revenue from the SIC Business Group decreased by approximately RMB25.4 million, or 7.7%, from approximately RMB329.4 million for the year ended 31 December 2024 to approximately RMB304.0 million for the Year. The decrease was mainly due to the impact of major clients' shift to domestic procurement alternatives, which led to reduced sales orders for imported consumables for the Year.

The following table sets forth the breakdown of the Group's revenue by geographical regions:

	For the year ended 31 December				
Revenue	**2025**		2024		**Change**
	RMB'000	***%***	*RMB'000*	*%*	*%*
Mainland China	**1,334,665**	**87.2%**	1,333,487	88.9%	0.1%
Other regions outside mainland China and other countries	**196,007**	**12.8%**	166,915	11.1%	17.4%
Total	**1,530,672**	**100%**	1,500,402	100%	2.0%

The Group derived its revenue mainly from customers in Mainland China, which accounted for approximately 87.2% of the total revenue for the Year (2024: approximately 88.9%). Revenue from other regions outside mainland China and other countries showed an increase during the Year.

Cost of sales

The Group's cost of sales increased by approximately RMB38.2 million or 3.2% from approximately RMB1,199.2 million for the year ended 31 December 2024 to approximately RMB1,237.4 million for the Year. The increase was mainly due to the rise in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB7.9 million or 2.6% from approximately RMB301.2 million for the year ended 31 December 2024 to approximately RMB293.3 million for the Year. The gross profit margin decreased from approximately 20.1% for the year ended 31 December 2024 to approximately 19.2% for the Year. The decrease in the gross profit margin was mainly due to the lower gross profit margin achieved by the IPS Business Group.

	2025			2024		
	Gross profit *RMB'000*	*%*	**Gross profit margin** *%*	Gross profit *RMB'000*	*%*	Gross profit margin *%*
Integrated Process and Packaging Equipment & Systems	**91,053**	**31.0%**	**11.5%**	92,834	30.8%	14.2%
Consulting, Digitalization and Construction	**81,240**	**27.7%**	**18.8%**	79,621	26.4%	15.4%
Life Science Equipment and Consumables	**120,978**	**41.3%**	**39.8%**	128,762	42.8%	39.1%
Total gross profit for reportable segments	**293,271**	**100.0%**	**19.2%**	301,217	100.0%	20.1%

Notes:

1. Gross profit margin by business group represents gross profit divided by revenue of the respective business group for the Year.

2. Total gross profit margin represents total gross profit divided by total revenue for the Year.

Integrated Process and Packaging Equipment & Systems

The gross profit from the IPS Business Group decreased by approximately RMB1.7 million, or 1.8%, from approximately RMB92.8 million for the year ended 31 December 2024 to approximately RMB91.1 million for the Year. The gross profit margin decreased from approximately 14.2% for the year ended 31 December 2024 to approximately 11.5% for the Year. Amid limited market demand, competition had intensified, leading to downward pressure on quotations during the bidding process. Customers increasingly prioritized low-price bids over high profit margins, resulting in a decline in gross profit margin for the Year as compared to the year ended 31 December 2024.

Consulting, Digitalization and Construction

The gross profit from the CDC Business Group increased by approximately RMB1.6 million, or 2.0%, from approximately RMB79.6 million for the year ended 31 December 2024 to approximately RMB81.2 million for the Year. The gross profit margin increased from approximately 15.4% for the year ended 31 December 2024 to approximately 18.8% for the Year. In 2025, the overall gross profit margin of signed contracts increased as driven by the improvement in client category. The CDC Business Group proactively refrained from low-price bidding, and stepped up efforts to develop more high-end clients that prioritize construction quality.

Life Science Equipment and Consumables

The gross profit from the SIC Business Group decreased by approximately RMB7.8 million or 6.1% from approximately RMB128.8 million for the year ended 31 December 2024 to approximately RMB121.0 million for the Year. The decrease in gross profit was mainly due to the decrease in revenue. The gross profit margin increased from approximately 39.1% for the year ended 31 December 2024 to approximately 39.8% for the Year. The improvement in gross profit margin was primarily attributable to the enhancement of production capacity of in-house products, coupled with improved supply chain management and cost control.

Selling and marketing expenses

Selling and marketing expenses increased by approximately RMB7.7 million, or 5.8%, to approximately RMB139.6 million for the Year from approximately RMB131.9 million for the year ended 31 December 2024. The increase was mainly the result of the increase in sales commissions, professional fees, and promotion expenses.

Administrative expenses

Administrative expenses decreased by approximately RMB21.8 million, or 20.3%, to approximately RMB85.4 million for the Year from approximately RMB107.2 million for the year ended 31 December 2024. The decrease was mainly the result of decrease in personnel cost, professional fees, office expenses and travelling expenses.

Net impairment gains on financial assets and contract assets

Net impairment gains on financial assets and contract assets of approximately RMB3.7 million were recorded for the Year, compared to net impairment losses on financial assets and contract assets of approximately RMB3.4 million for the year ended 31 December 2024. The impairment gains mainly reflected the impact of individual credit risk assessment for certain higher-risk customers and projects after considering the likelihood of recovery from specific debtors.

R&D expenses

The Group's R&D expenses decreased by approximately RMB8.4 million or 15.7% to approximately RMB45.1 million for the Year from approximately RMB53.5 million for the year ended 31 December 2024. The decrease was mainly the result of the decreased R&D personnel cost during the Year.

Other income

Other income decreased by approximately RMB15.2 million, or 55.3%, to approximately RMB12.3 million for the Year from approximately RMB27.5 million for the year ended 31 December 2024. This decrease was mainly due to the absence of the government grants for compensation for land use right of approximately RMB14.0 million during the Year which was available in 2024.

Other gains – net

The Group recorded a net other gain of approximately RMB15.0 million for the Year, which was mainly due to exchange gains of approximately RMB8.7 million and gain on early termination of lease contracts of approximately RMB2.8 million. For the year ended 31 December 2024, there were gain on bargain purchase on acquisition of a subsidiary of approximately RMB4.1 million and gain on early termination of lease contracts of approximately RMB1.1 million, which was partially offset by exchange losses of approximately RMB4.1 million.

Finance costs – net

Finance costs – net decreased from approximately RMB14.3 million for the year ended 31 December 2024 to approximately RMB10.7 million for the Year, mainly due to the decrease of interest expenses as a result of lower loan interest level and less lease liabilities during the Year.

Share of net profit of investments accounted for using the equity method

The Group's share of net profit of investments accounted for using equity method increased by approximately RMB4.3 million, from approximately RMB0.3 million for the year ended 31 December 2024 to approximately RMB4.6 million for the Year, primarily due to the increase in profit contribution from the Group's associates, Noozle and ROTA KG.

Profit before income tax

The Group recorded a profit before income tax of approximately RMB48.1 million for the Year compared to a profit before income tax of approximately RMB21.2 million for the year ended 31 December 2024. The increase in the profit before income tax was due to the combined effect of the factors as described above in this section.

Income tax expense

Income tax expense increased by approximately RMB7.6 million, from approximately RMB7.6 million for the year ended 31 December 2024 to approximately RMB15.2 million for the Year, which was mainly due to the increase in profit before income tax.

Profit for the year

The Group recorded a profit for the Year of approximately RMB32.9 million compared to a profit of approximately RMB13.6 million for the year ended 31 December 2024, which was primarily attributable to the combined effect of the factors as described above in this section.

LIQUIDITY AND FINANCIAL RESOURCES

The following table summarizes the Group's consolidated statement of cash flows:

	For the year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Net cash from operating activities	**132,104**	98,805
Net cash (used in)/from investing activities	**(12,952)**	4,430
Net cash used in financing activities	**(57,908)**	(101,323)
Net increase in cash and cash equivalents	**61,244**	1,912

For the Year, the Group had net cash from operating activities of approximately RMB132.1 million, which was mainly attributable to the following:

i. profit before income tax for the Year of approximately RMB48.1 million, plus the depreciation of property, plant and equipment and right-of-use assets totalling approximately RMB41.6 million and the amortization of intangible assets of approximately RMB7.5 million;

ii. a decrease in trade and note receivables of approximately RMB69.7 million, and an increase in contract liabilities of approximately RMB58.3 million, and a decrease in prepayments and other receivables of approximately RMB25.3 million; and

iii. partially offset by an increase in contract assets of approximately RMB66.2 million and an increase in inventory of approximately RMB52.5 million.

For the Year, the Group had net cash used in investing activities of approximately RMB13.0 million, which was mainly attributable to purchase of property, plant, and equipment in a total amount of approximately RMB23.1 million and payment for land use right classified as right-of-use assets of approximately RMB6.2 million, which were partially offset by the proceeds from disposal of land use right classified as right-of-use assets of approximately RMB14.5 million.

For the Year, the Group had net cash used in financing activities of approximately RMB57.9 million, which was mainly due to the repayments of borrowings of approximately RMB421.9 million, principal elements of lease payments of approximately RMB11.7 million and interest paid of approximately RMB12.0 million. These outflows were partially offset by proceeds from borrowings of approximately RMB389.7 million.

As at 31 December 2025 and 31 December 2024, the Group had cash and cash equivalents of approximately RMB227.4 million and RMB166.8 million, respectively, and balances of pledged bank deposits under current assets were approximately RMB49.1 million and RMB38.9 million, respectively, and term deposits with initial term of over three months of nil and RMB1.0 million, respectively. As at 31 December 2025, the cash and cash equivalents, and the pledged bank deposits were mainly denominated in US$, EUR and RMB.

The Group does not have any financial instruments for hedging purpose.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

Net current assets

The Group's net current assets as at 31 December 2025 increased by approximately RMB62.5 million, or 17.2%, from approximately RMB363.1 million as at 31 December 2024 to approximately RMB425.6 million as at 31 December 2025. This increase was driven by improvement of profit and cash flow.

As at 31 December 2025, the Group's total current assets amounted to approximately RMB1,613.7 million, which represented an increase of approximately RMB61.9 million as compared with approximately RMB1,551.8 million as at 31 December 2024.

As at 31 December 2025, the Group's total current liabilities amounted to approximately RMB1,188.1 million, which represented a decrease of approximately RMB0.6 million as compared with that of approximately RMB1,188.7 million as at 31 December 2024.

Borrowings and gearing ratio

As at 31 December 2025, the total short-term borrowings amounted to approximately RMB237.6 million. The secured short-term bank borrowings amounted to approximately RMB97.6 million, bearing interest rates ranging from 1.20% to 3.00% per annum (2024: 1.50% to 3.80% per annum), the unsecured short-term bank borrowings amounted to approximately RMB140.0 million, bearing interest rates ranging from 2.40% to 3.00% per annum (2024: 2.95% to 3.90% per annum).

The long-term bank borrowings amounted to approximately RMB84.0 million, bearing interest rates ranging from 2.65% to 3.70% per annum (2024: 3.30% to 4.25% per annum), among which the long-term borrowings due within one year amounted to approximately RMB20.8 million, bearing interest rates from 2.65% to 3.70% per annum (2024: 3.30% to 4.25% per annum).

The Group's gearing ratio was approximately 29.4% as at 31 December 2025 (31 December 2024: 33.9%). The ratio was calculated based on gross debts as of the respective dates divided by total capital as of the respective dates and multiplied by 100%.

Pledged assets

As at 31 December 2025, in addition to pledged bank deposits of approximately RMB49.4 million (31 December 2024: approximately RMB38.9 million), the Group had buildings and right-of-use assets having a total carrying amount of approximately RMB207.6 million and approximately RMB61.7 million respectively (31 December 2024: buildings and right-of-use assets having a total carrying amount of approximately RMB223.6 million and approximately RMB64.1 million respectively) which were pledged as collateral for certain bank borrowings of the Group.

Contingent liabilities

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgements and legal advice. No provision will be made for pending lawsuits if management believes the outflow of resources is not probable.

As at 31 December 2024, the Group provided a guarantee to a bank in respect of one irrevocable letter of credit utilised by ROTA KG totalling EUR600,000 (equivalent to approximately RMB4,515,000). This represented the maximum exposure of the Group under the guarantee. Such letter of credit had been withdrawn during the Year.

HUMAN RESOURCES

As at 31 December 2025, the Group had 1,468 full-time employees for R&D, sales and marketing, administration, project management and execution and manufacturing. This represents an increase of 23 employees as compared with the number of employees as at 31 December 2024. The staff costs (including the Directors' remuneration) were approximately RMB368.3 million for the Year, which represented a decrease of approximately 8.5% as compared with approximately RMB402.6 million for the year ended 31 December 2024.

Staff costs of the Group decreased mainly due to the Group's organizational structure optimization and efforts to enhance organizational vitality.

The Group regularly reviews its remuneration policies and employee benefits with reference to market practices and performance of individual employees. The remuneration of the employees and the Directors are determined by reference to their responsibilities, professional qualification, industry experience and performance. The emolument policy of the Directors is recommended by the remuneration committee of the Board and determined by the Board.

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made statutory contributions for its employees in Hong Kong, Taiwan, India, Indonesia, Germany, UK and Malaysia.

The Group has formulated provisions and rules on employees' training, such as the "Training and Development Control Procedures" and the "Training Management Control Procedures", detailing the implementation of training and accountability in training. In addition, in the "Staff Handbook", the Group divides training into orientation, overseas training, management training, professional skills training and corporate culture training.

CAPITAL COMMITMENT

Capital expenditure on property, plant and equipment that had been contracted for but not yet incurred as of 31 December 2025 and 2024 amounted to approximately RMB15.3 million and RMB2.1 million respectively, which was mainly attributable to the commitment of construction of the new facilities in Shanghai and Shijiazhuang.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

There were no significant investments, material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro, US dollar and HK dollar. Foreign exchange risk arises from internal borrowings among the Group's subsidiaries which operate in different functional currencies, the foreign currencies held by the Group's subsidiaries and offices and the sales of the Group's products and services to overseas customers who settle payments in foreign currencies. The Directors do not consider the foreign exchange rate risks as material to the Group and therefore, did not utilize any financial instruments such as forward currency exchange contracts to hedge the risks.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2025 and up to the date of this announcement.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2024: nil).

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 22 May 2026 ("**2026 AGM**"), the register of members of the Company will be closed from Monday, 18 May 2026 to Friday, 22 May 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement to attend and vote at the 2026 AGM is Friday, 22 May 2026. In order to be eligible to attend and vote at the 2026 AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 15 May 2026.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**Corporate Governance Code**") contained in Part 2 of Appendix C1 to the Listing Rules.

Save for the deviation from code provision C.2.1 of the Corporate Governance Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the Year.

Code provision C.2.1 of the Corporate Governance Code requires the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ho Kwok Keung, Mars assumes the roles of both of the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired under the present arrangement and this structure will enable the Company to make and implement decisions promptly and efficiently. In addition, the Board is of the view that its balanced composition of executive and non-executive Directors (including the independent non-executive Directors) provides adequate safeguards to ensure a balance of power and authority. This is further supported by its various committees, which are primarily comprised of independent non-executive Directors and are each responsible for overseeing different aspects of the Company's affairs.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific inquiries, all Directors have confirmed their compliance with the required standard set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Board established the Audit Committee on 21 October 2014 which currently comprises two independent non-executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and the non-executive Director, namely Madam Ji Lingling. Mr. Cheung Lap Kei is the chairman of the Audit Committee. None of them is a member of the former or existing auditor of the Company. Details of the terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The Audit Committee has reviewed the Company's consolidated financial statements for the Year.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www. hkexnews.hk) and the Company's website (www.austar.com.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders (if required) and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Company would like to take this opportunity to thank all its valued Shareholders and various stakeholders for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

On behalf of the Board
Austar Lifesciences Limited
Ho Kwok Keung, Mars
Chairman and Chief Executive Officer

Hong Kong, 26 March 2026

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Madam Zhou Ning and Mr. Bian Ce; one non-executive Director, namely Madam Ji Lingling; and three independent non-executive Directors, namely Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin.