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四环医药
SihuanPharm

Sihuan Pharmaceutical Holdings Group Ltd.

四 環 醫 藥 控 股 集 團 有 限 公 司

(incorporated in Bermuda with limited liability)

(Stock Code: 0460)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Directors**") of Sihuan Pharmaceutical Holdings Group Ltd. ("**Sihuan Pharmaceutical**" or the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025 (the "**Year**") together with the comparative figures for the previous year.

FINANCIAL SUMMARY OF THE GROUP

- Total revenue of the Group for the Year was approximately RMB2,618.0 million (2024: RMB1,901.1 million), representing a year-on-year increase of approximately 37.7% (approximately RMB716.9 million).

- Among the changes in revenue, the increase was primarily driven by the medical aesthetics business. During the Year, revenue from the medical aesthetics business amounted to approximately RMB1,485.3 million (2024: RMB744.2 million), representing a year-on-year increase of approximately 99.6% (approximately RMB741.1 million). Specifically, the core flagship product Letybo® achieved a robust revenue growth driven by continued channel penetration and expanded coverage, reaching over 8,000 medical aesthetics institutions and 1,500 key medical aesthetics institutions; newly approved products including PLLA filler (Huiyanzhen and Sifuyan) and PCL filler (Qingyan) demonstrated outstanding performance following their market launch, while the L-carnosine-containing facial revitalizer Dongyan filled a gap in the niche market, contributing significant incremental momentum to the medical aesthetics business revenue; meanwhile, leveraging its comprehensive portfolio of compliant products, the Company implemented a multi-product combination marketing strategy, vigorously promoting combination solutions including Letybo+ and Magic Youthful Face, further driving rapid expansion of overall sales scale and becoming the primary driver of the Group's revenue growth.

- Revenue from innovative medicine and other medicine amounted to approximately RMB176.4 million (2024: RMB57.6 million), representing a year-on-year increase of approximately 206.3% (approximately RMB118.8 million), mainly attributable to the continued increase in sales of diabetes-related products by Huisheng Biopharmaceutical Co., Ltd. ("**Huisheng Biopharm**"), and the gradual commercialisation of three approved products by Xuanzhu Biopharmaceutical Co., Ltd. ("**Xuanzhu Biopharm**"), achieving modest revenue growth and gradually unlocking long-term profitability potential.

- Revenue from the generic medicine business amounted to approximately RMB956.3 million (2024: RMB1,099.3 million), representing a year-on-year decrease of approximately 13.0% (approximately RMB143.0 million).

- Gross profit of the Group for the Year amounted to approximately RMB1,801.9 million (2024: RMB1,241.7 million), representing a year-on-year increase of approximately 45.1% (approximately RMB560.2 million). The overall gross profit margin of the Group was 68.8%, representing a year-on-year increase of 3.5% as compared to 65.3% for the previous year. This was mainly attributable to the continued sales growth of core single products such as Letybo® and Huiyanzhen following the Group's achievement of a comprehensive compliant portfolio layout in the medical aesthetics business, the increased revenue contribution from high margin categories such as self-developed regenerative materials, and the further improvement in the overall gross profit margin of the medical aesthetics business; moreover, the revenue contribution from the medical aesthetics business exceeded 50% of total revenue for the first time, becoming the largest source of revenue, and the significant increase in the proportion of the high-margin medical aesthetics business drove a dual increase in the Group's overall gross profit and gross profit margin. Meanwhile, the Group proactively implemented full process cost control measures for the generic medicine business, reducing costs at all stages to effectively offset the impact of declining generic medicine revenue on gross profit.

- Overall research and development ("**R&D**") expenses of the Group for the Year amounted to approximately RMB291.3 million (2024: RMB473.9 million), representing a year-on-year decrease of 38.5% (approximately RMB182.6 million), mainly due to the Group's core R&D results achieving substantial commercial application and entering harvesting period. However, future R&D expenses are expected to prevail at a level in line with the on-going work and efforts on exploration and development of new products.

- Operating profit of the Group for the Year amounted to approximately RMB607.1 million (2024: loss of RMB138.1 million), mainly attributable to the significant increase in revenue from the medical aesthetics business, efficient control of costs and expenses, and improved revenue from the innovative medicine business.

- Given the above, profit for the Year of the Group amounted to approximately RMB185.4 million (2024: loss of RMB471.5 million). The Group successfully achieved a turnaround from loss to profit.

- Profit attributable to owners of the Company for the Year amounted to approximately RMB179.7 million (2024: loss of RMB216.7 million). The Group achieved a turnaround from loss to profit, mainly attributable to the significant increase in revenue from the medical aesthetics business.

- The basic earnings per share was RMB1.97 cents for the Year.

- Since we have successfully completed the phased strategic goal of turnaround from loss to profit, the Board has resolved to declare a final cash dividend of RMB0.96 cents per share (equivalent to HK1.09 cents per share) in appreciation of shareholders' and investors' support.

- As at 31 December 2025, the Group's cash and cash equivalents, wealth management products, pledged deposits and time deposits amounted to approximately RMB4,397.4 million in aggregate.

MANAGEMENT DISCUSSION AND ANALYSIS

2025 was a "critical year of qualitative transformation" for the strategic transformation of Sihuan Pharmaceutical. It was also a milestone year for the Group to advance from the "transformation and investment period" to the "value realisation period". The Group has always adhered to its core "medical aesthetics + innovative drugs" dual-wheel drive strategy. It has been involved in product R&D and innovation, focusing on the effectiveness of commercialization and expanding its global presence. With the concerted efforts of the entire team, the Group has achieved multiple breakthroughs in turning losses into profits, optimizing its business structure, and upgrading its core capabilities, thereby laying a solid foundation for long-term sustainable development.

ANNUAL CORE RESULTS UPDATE

(1) Core Performance Highlights: Clear Turning Point and Value Realization, the Core Segment Has Become a Growth Engine

2025 was a critical turning point for the performance of Sihuan Pharmaceutical. During the Year, the Group secured approvals to launch a series of new medical aesthetic products and pharmaceutical products consecutively, leading to substantial enhancements in the business structure and market competitiveness.

- **Overall Results: Realizing profit turnaround with growth exceeding expectation:** During the Year, the Group achieved revenue of approximately RMB2,618.0 million, representing a year-on-year increase of 37.7%, and attained an operating profit of approximately RMB607.1 million and a profit for the year of approximately RMB185.4 million, representing a significant year-on-year turnaround from loss to profit. The performance turning point is clearly defined and highly sustainable, with a significant improvement in earnings quality.

- **Segment Contribution: Dual-core leadership and continuous optimization of structure:** The medical aesthetic products segment achieved rapid growth, achieving revenue of RMB1,485.3 million and segment profit of RMB818.4 million during the Year, representing year-on-year increases of 99.6% in revenue and 226.0% in segment profit, respectively. It became the largest revenue and profit pillar of the Group and drove a significant increase in the overall performance. The innovative drug business entered into the harvesting period. Xuanzhu Biopharmaceutical Co., Ltd. ("**Xuanzhu Biopharm**") (Stock Code: 02575.HK) and Huisheng Biopharmaceutical Co., Ltd. ("**Huisheng Biopharm**") collectively achieved a substantial increase in revenue compared with the same period last year. The R&D expenses of innovative drugs were gradually optimized, with newly approved products continuously emerging. Commercialization of new products is progressing smoothly, marking the segment's transition from an investment phase to a revenue-generating phase, significantly enhancing the Group's profit structure. The generic drug business remains firmly positioned as a "cash cow", steadily generating stable cash flow to fully support R&D and market expansion in core businesses.

- **Capital and Finance: Optimized structure and sufficient capital reserves**: The Company maintained a robust financial position with ample cash reserves. During the Year, the Company conducted multiple rounds of share repurchases and completed the spin-off listing of Xuanzhu Biopharm, which brought significant equity appreciation gains. It has not only alleviated the pressure on R&D funding, but also optimized the Group's financial structure driving breakthroughs in profitability.

(2) Results of Segment Business Operations: Led by Dual-Wheel Growth Drivers, with Synergistic Effects Becoming Prominent

1. Medical Aesthetic Business Segment: The Core Growth Engine of New Consumption, Leading All Product Categories, and Achieving Success in the First Stage of Globalization

This segment contributes the Group's largest source of revenue. In 2025, the medical aesthetic business achieved revenue of RMB1,485.3 million, representing a year-on-year increase of 99.6%. For the first time, it accounted for over 50.0% of total revenue, with its gross profit margin rising to 79.5%. This segment has become the core pillar driving the Group's revenue and profit contributions:

- **The compliance plan for the full-range product is closed-loop, and the volume of core products has exceeded expectations:** During the Year, the Group's medical aesthetic division, Meiyan Space Biological Technology (Jilin) Co., Ltd. ("**Meiyan Space**"), successfully established a comprehensive portfolio spanning five core categories, covering "botulinum toxin + hyaluronic acid + regenerative materials + optoelectronic devices + rejuvenating serum". Each segment operates in effective synergy, creating a cohesive development framework that leverages collective strengths. Among them, the core product botulinum toxin Letybo® performed particularly well. Leveraging core product advantages including 99.5% high purity, it forged deep partnerships with leading medical groups such as Mylike and Yestar, and formed a core channel structure of "25% leading chain institutions contributing 75% of sales". The sales volume during the Year exceeded 1.2 million bottles, representing a year-on-year increase of over 50%. It covered more than 8,000 medical aesthetic institutions nationwide, with its market share further increasing to 22%, firmly maintaining its position as the second-largest player in the domestic market. Meanwhile, Meiyan Space accelerated the launch of its regenerative products, with Qingyan approved in March, Huiyanzhen and Sifuyan approved in April, and all launched simultaneously in July. The regenerated products quickly gained traction in the market after their launch, becoming a new growth driver for the segment. In January 2026, the PLLA filler category was approved for six new specifications (60mg, 80mg, 100mg, 110mg, 120mg, 130mg), further enriching the regenerated product portfolio. In the area of rejuvenating serum, the first domestically developed composite solution skin booster containing L-Carnosine Dongyan direct for facial use was successfully approved in China in September and was officially launched in November. It fills the gap in this niche market, achieving comprehensive coverage of the full spectrum of non-invasive medical aesthetics scenarios, from anti-aging, shaping, and contouring to skin rejuvenation. Since then, Meiyan Space has become the only enterprise in the industry to achieve a fully compliant portfolio covering all categories of non-invasive medical aesthetics products currently on the market, and the advantages of product synergy and systematic integration have gradually materialized. In addition, the core product of the energy-based device, Sylfirm dual-wave RF microneedle, completed the nationwide market layout and formed an "optoelectronic + injection" combined treatment solution with injection products, further perfecting the full-range product ecosystem.

- **Channel and marketing barriers are built high, leading in end-user conversion efficiency:** With the "direct sales + distribution" dual-channel strategy as its core, it has continued to deepen its channel layout across the country. As of the end of the reporting period, the sales network had achieved full coverage of 34 provinces and over 370 cities in China. There were more than 250 cooperative chain groups or regional core units, covering more than 8,000 medical institutions in total, including 1,500 key core hospitals. Channel penetration and end-point control capabilities continued to strengthen. In terms of team building, relying on the core management team with mature experience in multinational enterprises, we have built a direct sales and distribution marketing team of over 700 people for Letybo®. In 2025, a direct sales team of over 50 people for regenerative materials and rejuvenating serum, as well as a KA team, were established, with 50% of them being industry experts. Moreover, a special team for public hospitals has been established, strengthening the talent foundation for channel expansion. In terms of brand marketing, the Group has set up an integrated market operation system of "product co-creation – brand momentum building – institutional empowerment." It has created benchmark joint treatment plans with cooperative institutions, such as "magic Tongyan" and "Letybo+", to improve unit prices and customer loyalty. It also established an omni-media communication matrix through partnerships with major platforms such as Meituan and Xiaohongshu to upgrade the brand's visual system, achieving bidirectional penetration of both consumer-end and business-end. It has implemented a "One Hospital, One Policy" customized operation strategy to comprehensively empower the operational capabilities of cooperative institutions. Medical professional empowerment serves as a key strategic lever. The Group has participated in 20 top-tier academic conferences and training programs in the industry throughout the year and conducted more than 730 nationwide academic and practical training sessions covering over 13,000 injection and dermatology physicians. It also collaborated with industry-leading KOLs to conduct 6 post-marketing investigator-initiated trial projects, jointly developed more than 50 sets of product training materials. Moreover, the Group worked with international partners such as South Korea's Hugel to organize over 200 physician training sessions. Through professional academic output, the Group has built a strong brand barrier, ensuring the clinical effectiveness and user experience of its products, and promoting efficient sales of core products at the terminal.

- **Substantial breakthrough in global strategy, opening up overseas growth space:** While consolidating its leading position in the domestic non-invasive medical aesthetics market, Meiyan Space actively expanded its overseas presence. The Group has obtained the permanent agency right in China of CELLBOOSTER® skin boosters of the Swiss brand Suisselle through its strategic shareholding. It not only enriches the pipeline of its own skin booster products but also utilises Suisselle's mature sales network covering 43 countries to successfully launch its self-developed regenerative injectable products into the EU market. Combined with the previous sustained deepening in the North American market, as well as in-depth cooperation with international companies such as Hugel in South Korea, an initial dual-wheel driven growth pattern has been established, "taking the domestic large market as its foundation and extending to overseas high-potential markets." Furthermore, the core equipment, Sylfirm dual-wave RF microneedle, has obtained two international authority certifications from the United States Food and Drug Administration ("**FDA**") and the Korean KFDA. It lays the qualification foundation for the global planning of the optoelectronic equipment, marking a solid step forward in Meiyan Space's global strategic development.

2. ***Innovative Drugs Business Segment: Domestic Substitution as the Core Driver, Accelerating Commercialization, Reshaping Value through Capitalization***

In 2025, the Group's innovative drug business entered into a harvesting stage. During the Year, the innovative drug segment achieved segment revenue of approximately RMB176.4 million, representing a year-on-year increase of 206.3% and its proportion in total revenue increased to 6.7%, becoming the Group's second growth driver. The business is based on two major platforms, namely Xuanzhu Biopharm and Huisheng Biopharm, which form product matrices in the oncology and metabolism fields respectively. Leveraging capital and policy support, the business is accelerating its commercialization comprehensively:

- **Xuanzhu Biopharm's spin-off listing demonstrates remarkable capital empowerment outcomes:** Xuanzhu Biopharm (stock code: 02575.HK) was spun off and listed separately on the Stock Exchange of Hong Kong (the "**Stock Exchange**") in October 2025. Its share price increased by over 400% in 8 trading days after its listing, and the peak market value exceeded HK$30 billion. This not only achieved an independent valuation of the innovative drug business but also provided strong capital support for subsequent R&D and commercialization.

- **Rapid expansion of core products, and domestic alternatives filling the clinical gap:** In terms of products, all three core innovative drugs of Xuanzhu Biopharm have achieved significant progress. The self-developed Class 1 innovative drug, a cycle dependent kinase 2, 4 and 6 ("**CDK2/4/6**") inhibitor Xuan Yue Ning (Bireociclib Tablets), was approved for two breast cancer indications, becoming the only CDK2/4/6 inhibitor approved for monotherapy use in the treatment of HR+/HER2- advanced breast cancer in China, filling the treatment gap in domestic. The product was approved for two indications in May and first launched on the market in July. It was included in the 2025 National Reimbursement Drug List ("**NRDL**") in December. Its indication for first-line treatment was also approved for market launch in March 2026. The indication of the ALK inhibitor Xuan Fei Ning (Dirozalkib Tablets) for ALK+ advanced non-small cell lung cancer ("**NSCLC**") was approved for listing in August. Since then, Xuanzhu Biopharm has accelerated the commercialization and layout of its products. As of the end of the reporting period, the sales network of Anaprazole Sodium has covered over 2,000 medical institutions nationwide and partnered with over 90 distributors, becoming a flagship product for innovative drugs in the domestic digestive field; Bireociclib and Dirozalkib have covered approximately 500 and 200 hospitals, respectively. During the reporting period, Anaprazole Sodium was successfully renewed and included in the NRDL, and Bireociclib was included in the NRDL for the first time, which will further accelerate the market.

- **Huisheng Biopharm has deeply focused on the metabolic field, combining generic and innovative drug business to capture the hundreds-of-billions value market:** In the area of diabetes and related metabolism, Huisheng Biopharm has constructed a product pipeline covering the entire disease course and multiple mechanisms, and is committed to providing a closed-loop treatment plan for diabetes patients. During the Year, Huisheng Biopharm's core product, such as the Class 1 innovative drug Hui You Jing (Ganagliflozin Proline Tablets), quickly opened up the market with its unique mechanism and significant efficacy; and the first domestic biosimilar drugs, namely Hui You Jia (Insulin Degludec and Insulin Aspart Injection) and Hui You Da (Insulin Degludec Injection), were rapidly sold due to their outstanding cost-effectiveness and advantages of medical insurance coverage, further consolidating Huisheng Biopharm's market competitive position. Moreover, the NDA for Semaglutide for diabetes indication has been accepted in August, and for weight loss indication, the Phase III clinical enrollment has been completed and is in the follow-up stage, laying a key foundation for entering the hundreds-billions weight loss market in the future.

3. *Generic Drug Business Segment: A Stable Cash Cow Foundation and an Optimized Structure Supporting the Development of its Core Business*

In 2025, the segment revenue of the Group's generic drugs was approximately RMB956.3 million, with a year-on-year decrease of 13.0%, but the decline has been significantly narrowed. The segment results were approximately RMB282.6 million. The Group presently holds approvals for almost 100 products across key treatment areas like cardiovascular and cerebrovascular diseases, as well as anti-infections. These products are consistently contributing a stable cash flow for the Group, robustly bolstering the nurturing and advancement of the Group's two primary growth engines. It aligns with the Group's strategic positioning and underpins its role as the Group's "cash cow." At the same time, the Group will continue to advance and expedite the spin-off and divestment of certain generic drug products, as well as other noncore traditional pharmaceutical or healthcare-related businesses and assets that have not met operational expectations or do not align with long-term strategic development goals, balancing the development and stability of the generic drug business as a cash cow. The Group believes that by focusing on the development of new businesses in medical aesthetics and biopharmaceutical with high growth potential, while ensuring the stable development of the "cash cow" business, and always adhering to the people-oriented, continuously cultivating a more diversified and international talents for the enterprise's innovation, transformation, upgrading and development, the Group's strategic goals of innovative transformation and high-quality development will undoubtedly be achieved.

ANALYSIS ON INDUSTRY TRENDS AND COMPETITIVE ADVANTAGES: BUILDING HIGH BARRIERS AND HIGHLIGHTING SCARCITY

In 2025, both the medical aesthetic and innovative drug industries have entered a new stage of high-quality development. The upgrading of new consumption, the deepening of domestic substitution, and the globalisation strategy have become the core development trends of the industry, which are highly aligned with the investment focal points in the capital market. With a forward-looking strategic blueprint, the Group has formed a core competitive advantage that is characterised by scarcity, uniqueness and sustainability, continuously consolidating its leading position in the industry and fully capitalizing on the industry's advantages.

(1) Analysis of Industry Trends: Three Major Business Converge, Golden Development Period Arrives

- ***Medical Aesthetics Industry: Regulatory development builds new barriers, while technological iteration and consumption upgrades jointly shape growth landscape***

  The Chinese medical aesthetic market has fully entered a high-quality development stage characterised by compliance as the cornerstone and technology and service as the core drivers. Under the normalization of regulation and the continuous improvement of policies, the industry has accelerated the elimination of non-compliant production capacity. Resources have rapidly concentrated on leading enterprises with a compliance foundation and professional technical capabilities. Moreover, cutting-edge sectors such as regenerative materials and collagen are experiencing growth rates significantly higher than the overall industry, demonstrating clear structural opportunities. Consumer demand has continued to upgrade from basic improvement to "high quality, comprehensive anti-aging," driving the evolution of products and services toward refinement and integration. In this process, platform-based enterprises with a comprehensive product matrix, in-depth technical reserves and strong brand credibility are continuing to consolidate competitive barriers and leading the industry towards a new cycle of healthy growth driven by increased concentration and value.

- ***Innovative Drugs Industry: Domestic substitution plan deepens thoroughly, precision therapy and efficient commercialization capabilities become decisive factors***

  The pharmaceutical market in China is at a critical stage of innovation and transformation. The momentum behind the domestic substitution policy is growing, and the ongoing optimization of the medical insurance dynamic adjustment mechanism is offering innovative drugs ample room for development. Imported products still hold a considerable market share, and there is huge potential for local replacement, especially in major disease areas such as oncology and metabolism. The competitive focus of the industry has shifted from "following innovation" to "source innovation" and "differentiated advantages." Clinical demand has increasingly tilted toward innovative products with precise treatment value and significant clinical benefits. Against this background, independent R&D capabilities, efficient clinical development with a global perspective, and a well-established market access and commercialization system collectively form the Company's key competitive advantages for future success. Furthermore, the capital market continues to favor innovative pharmaceutical companies with a solid R&D pipeline and a clear commercialization path, which injects strong capital momentum into long-term innovation in the industry.

(2) Core Competitive Advantages: Five Major Barriers Highlight Scarcity and Support Long-Term Growth

- ***Scarce dual-engine model of "consumption + healthcare" enhances development resilience and synergistic potential***

  The Group has prospectively positioned its medical aesthetic business, which possesses consumption attributes, and its innovative drug business, which meets rigid demand, forming a unique two-wheeled strategy layout. This model has successfully reduced operational risks arising from the volatility of a single industry cycle and has struck a dynamic balance between cash flow and growth. The two business segments possess substantial synergy potential in R&D technology, channel resources, and brand development. This integration has empowered the Group to establish a deeper and more stable comprehensive competitive edge, setting it apart from competitors focused on a single track.

- ***A comprehensive, fully compliant platform product matrix uniquely positioned in the medical aesthetics industry***

  The Group is one of the very few enterprises in the industry to achieve full coverage of the four core categories, namely "Botulinum toxin, regenerative materials, hyaluronic acid filler, and optoelectronic devices." It has built a sound and highly compliant product ecosystem. This comprehensive matrix strategy not only satisfies the rising market need for diverse and integrated treatment choices, delivering clients with one-stop comprehensive solutions, thereby boosting user engagement and lifetime value substantially. It also positions the Group to secure a notable first-mover advantage and competitive edge amidst the industry's regulatory wave.

- ***Innovative drugs emphasize clinical differentiation, with domestically produced alternatives demonstrating distinct attributes, while capitalization empowers R&D and commercialization***

  The Group's innovative drug pipeline strategy is clear. The core products possess distinct therapeutic advantages and differentiated value. By executing spin-off and capitalization processes of the innovative drugs business segment, the Group has not only garnered market recognition of its core value but has also implemented adaptable mechanisms and resources. This has notably enhanced the efficiency of R&D decision-making and commercialization focus, infusing robust impetus for sustained advancements and value realization within the innovative pipeline.

- ***Robust cash flow foundation and systematic compliance barriers solidify the foundation for development***

  Relying on the steady cash flow provided by the generic drug business, the Group has laid a solid financial foundation for the strategic investment and long-term development of its leading business. Meanwhile, the Group has established a full-chain compliance system in the fields of medical aesthetics and innovative drugs, spanning from R&D, production, distribution to marketing. Such systematic compliance capabilities are highly aligned with the national regulatory direction. It not only constitutes a key operational entry barrier but also serves as the core guarantee for the Group to continuously gain trust and expand its market share within the industry structural upgrade.

STRATEGIC PLANNING AND DEVELOPMENT GOALS: FOCUSING ON VALUE REALIZATION, ACCELERATING GLOBALIZATION, AND LAUNCHING A NEW HIGH-GROWTH CYCLE

2026 marks a critical year for Sihuan Pharmaceutical as it fully executes its strategic transformation, transitioning towards high-quality development and value actualization. This year signifies the commencement of the Group's three-year strategic plan for the future, marking the first step towards establishing itself as a benchmark enterprise within China's medical aesthetics industry. Based on the core trend within the medical aesthetic industry, characterized by "strengthening regulatory compliance, rapid growth of the regenerative materials and collagen sectors, and an upgrading in consumer preferences towards personalized anti-aging solutions," the Group will adopt the core strategy of "deepening dual-wheel drive, unleashing synergistic value, expanding global expansion, and enhancing capital efficiency." By integrating the five development directions of compliance, product, technology, globalization, and industrial chain integration, the Group aims to propel breakthrough development across all business segments, leading the Group into a new cycle of profitability and growth.

- **Medical Aesthetics Segment: Building a global provider of medical aesthetics solutions, driven by dual-engine growth in new consumption and globalization.** The medical aesthetic business, as the first growth engine, strives to transform from a product supplier to a global comprehensive medical aesthetic solutions provider. It closely aligns with the Group's strategic orientation of "product as the core, compliance as the cornerstone, and technology as the engine," focusing on high-growth sectors. During the year, three-tiered product hierarchy comprising "cash cow + growth-oriented + forward-looking" has established to ensure the steady supply of Botulinum Toxin, as well as to promote continuous breakthroughs of key products such as PLLA filler and skin booster filler. The Group will focus on advancing cutting-edge pipelines such as collagen and weight management, along with the strategic positioning of regenerative materials and high-end skin booster. This approach will lay the foundation for the establishment of a comprehensive product matrix. In terms of channels, with compliance as the premise, the Group targets to cover 8,500 compliance agencies nationwide, establish a KA team to engage with major customers, and strengthen strategic partnership with leading chain agencies. Meanwhile, the Group reinforces global market penetration and deepens channel cultivation efforts. Building upon its established presence in the EU and North American markets, the Group will expand into emerging markets such as Southeast Asia and Latin America, propelling business growth in both scale and quality.

- **Innovative Drugs Segment: Commercialization Accelerating Sales Growth with Domestic Substitution and Overseas Expansion Achieving Value Realization Together.** The innovative drugs segment, as the second growth engine, is entering a period of accelerated commercialization. It is deeply implementing the "dual synergy" strategy, integrating the formulation technology and clinical experience from innovative drugs into the R&D of medical aesthetic products, aiming to establish a distinctive competitive edge. Xuanzhu Biopharm focuses on market expansion and medical insurance access for its already listed products, strictly controls R&D expenses, and improves profit efficiency. Huisheng Biopharm will seize peak sales period of products such as Ganagliflozin, promotes for the approval of Semaglutide indications, and provides technical support for medical aesthetics products' R&D in weight loss market. The two companies will actively expand overseas licensing and cooperation to accelerate value realization. Huisheng Biopharm continues to advance its capitalization process and leverages the power of the capital market to support the Group's overall strategic advancement.

- **Generic Drug Segment: Optimizing the structure, focusing on core competencies, and solidifying cash flow support.** The generic drug segment will optimizing enhancing product structure, transformation, and upgrades to stimulate a stable business recovery and persist in utilizing its cash flow as a "ballast stone." In the future, the Group will continue to optimize its business portfolio, adhere to the strategic direction with value creation as its core, and orderly divest the generic drug business that has underperformed or without sustainable profitability. Furthermore, the Group will promote and accelerate the implementation of the spin-off and divestment of certain generic drugs and other non-core traditional pharmaceutical or healthcare-related businesses and assets that have not met operating expectations or are inconsistent with the long-term strategic development goals, retaining core competitive product lines with market competitiveness, while balancing the development and stability of the generic drug cash cow business, thereby supporting the overall strategic implementation of the Group.

- **R&D and Capital: Precision investment, capitalization-driven empowerment, and enhanced valuation levels.** From the R&D and capital perspective, the Group will continue to increase its R&D investment. It will strictly implement the plan of "increasing the investment in medical aesthetic R&D to 60% of the total R&D budget in the next three years," and focus on four high-potential areas, namely regenerative materials, recombinant collagen, weight loss medical aesthetics, and high end skin booster, driving clinical breakthroughs and outcome conversion for high-potential pipelines. Moreover, the Group will persist in advancing the capitalization process of innovative drugs and other segments, attaining independent value realization and overall enhancement. It will also establish a refined management system, reinforce cost control across the entire chain, deepen investor communication, and comprehensively elevate the Group's market reputation and valuation, thereby furnishing capital momentum for the Group to fortify its premier standing in the industry and realize sustained growth.

CONCLUSION

2025 was a year of leapfrog development for Sihuan Pharmaceutical. This was the result of the Group's decade-long steadfast advancement in strategic transformation, and also embodied the management's and all employees' adherence to their original aspirations and collaborative efforts. From a new starting point towards complete value realization, the Group will continue in pursuing its vision of "Building a leading medical aesthetic and biopharmaceutical enterprise in China". It will deepen its "medical aesthetics + pharmaceutical" dual-wheel driven strategy, firmly seizing the historical opportunities presented by industry compliance and domestic substitution trend. By continuously fortifying and refining our core competencies, the Group aims to generate enduring and consistent value returns for shareholders.

DETAILED PROGRESS OF SEGMENT BUSINESS

(1) Progress in the Medical Aesthetics Product Segment: Core Blockbuster Products Solidify the Foundation for Growth, while the Regenerative Field and Diversified Innovation Build New Momentum for the Future.

In 2025, the Group's medical aesthetic platform, Meiyan Space, has officially entered a critical stage of commercialization development of its own brand, **successfully achieving its strategic transition from an agency product provider to a self-owned brand leader,** ushering in a brilliant year for brand commercialization. This segment focuses on the two core markets of injection and energy-based device, establishing a well-defined product matrix with a structured hierarchy. It improves the professional operational system covering the entire chain of research and development, sales, marketing, and medicine. By further developing the strategic framework of the "direct sales + distribution" dual channels, it aims to expand end-user outreach and bolster brand influence, ultimately becoming the core new engine driving the Group's performance growth. During the Year, the Group's revenue from the medical aesthetic segment reached RMB1,485.3 million, representing a year-on-year increase of approximately

99.6%. The segment profit was RMB818.4 million, representing a year-on-year increase of 226.0%. The core operating indicators were prominent, demonstrating strong development resilience.

1. *Injection Product Pipeline: Core Products Maintain Steady Growth, and Regenerative Products Grow Sales Volume, Laying the Foundation for High-Quality Growth*

Being the core growth driver within the medical aesthetic segment, the injection business has structured a well-established product hierarchy, characterized by "core mature products as foundation, rapid release of new products for breakthroughs." It has achieved consistent revenue growth by offering innovative treatment solutions, extensive omni-channel penetration, and proficient operational systems. Notably, the accelerated volume expansion of regenerative products in 2025 has effectively established a secondary growth driver for the segment, leading to an enhanced profit margin.

On the product side, Letybo® (botulinum toxin) serves as the core and flagship product of Meiyan Space. Since it was approved for listing by the National Medical Products Administration ("**NMPA**") in 2020, this product has leveraged Hugel Korea's standardized production to ensure consistent global quality. Positioned in the light luxury non-invasive medical aesthetic market, it has become a benchmark product in the botulinum toxin field. With exceptional core strengths, this product has 99.5% high purity and a 900KDa macromolecular protein complex, surpassing industry standard. It features attributes of low dispersibility, rapid onset of action and prolonged effectiveness. The PH value which is close to neutral ensures a comfortable injection experience. The production process is protected by a patent, high safety and stable quality control. It offers multiple specifications of 50U/100U to meet the diverse needs of dynamic wrinkle improvement, facial contouring, leg slimming, and shoulder slimming in various non-invasive medical aesthetic applications and clinical scenarios. During the Year, Letybo® deeply integrated with leading medical groups such as Mylike and Yestar to establish a core channel structure where "25% of leading chain institutions contribute 75% of sales revenue," covering more than 8,000 medical aesthetic institutions nationwide, firmly maintaining its position as a core player in the non-invasive medical aesthetics botulinum toxin field.

The layout in the regenerative sector continued to deepen. We focused on advancing the launch of three core products newly approved in 2025, namely, Huiyanzhen, Sifuyan (poly-L-lactic acid facial filler, commonly known as "**PLLA Filler**"), and Qingyan (polycaprolactone microsphere facial filler, commonly known as "**PCL filler**"), thereby establishing a comprehensive product portfolio covering the mid-to-high-end regenerative market. Among them, Huiyanzhen and Sifuyan are self-developed products of Meiyan Space, with L-polylactic acid as the core component. It is used for correcting moderate to severe nasolabial wrinkles, possessing stable biodegradation properties (can be completely metabolized into water and carbon dioxide). By employing unique patented technology, the microspheres have more uniform morphology, consistent particle size distribution, and higher quality stability, significantly enhancing product safety. The products have achieved both "immediate filling + long-term regeneration" dual effects in clinical practice, surpassing similar products in therapeutic effectiveness. Most patients maintained effective results with one-year post-injection. Qingyan, as a high-end regenerative product, is suitable for injection into the subcutaneous layer of the nasolabial folds to correct moderate to severe nasolabial wrinkles. It features a sophisticated design and is convenient for use with pre-filled syringes and sterile injection needles. With polycaprolactone microspheres as the core, the gel carrier enables immediate filling of facial depressions, and the microspheres continuously stimulate collagen regeneration. A single treatment requires only one injection, with effects lasting for more than one year. Its clinical efficacy and safety have been thoroughly validated. In particular, Qingyan was approved in March 2025, Huiyanzhen and Sifuyan were approved in April, and the three products were launched simultaneously in July. They rapidly seized market share in the regenerative medical aesthetics industry through targeted marketing and channel sales.

Dongyan is a composite solution skin booster containing L-carnosine, independently developed by Meiyan Space. It is also the first approved L-carnosine composite solution skin booster directly used on the face to improve dry skin and dull complexion. It should be administered by professionals in medical institutions through facial dermis injection. Its core ingredients include Sodium Hyaluronate, L-carnosine, vitamin B2 and a variety of collagen core amino acids, which possess the dual properties of skin booster and rejuvenating serum. L-carnosine can provide antioxidant, anti-inflammatory, and anti-glycation effects, and promote collagen regeneration. The compounded ingredients achieve multiple effects, including hydration and repair, nutritional replenishment, and activation of cell metabolism. This product excels in three key functions: brightening complexion, diminishing yellowish, and reducing redness. It outperforms competitors in terms of speed. Approved in September 2025 and introduced to the market in November 2025, the product swiftly garnered market acclaim. It further enhances the skin booster product portfolio and addresses a gap in the sub-segments.

At present, Meiyan Space has established three major product lines, namely cash cow products, growth products, and forward-looking incubation products, forming a continuously iterative and tiered-connected product layout system. It focuses on the specialized consumption demand for injection products, emphasizing the advancement of distinctive product pipelines such as advanced hyaluronic acid and neck-specific solutions. This approach continually enhances the range of injection products, effectively addressing gaps in the medical aesthetics market and catering to the diverse and personalized needs of consumers seeking aesthetic treatments. In the cutting-edge R&D area, Meiyan Space adheres to its differentiated innovation strategy. In the collagen field, Meiyan Space simultaneously advances R&D and registration of regenerative materials, HA composite products, and fully human-sourced collagen; Layout the PDRN skin boosters, building a product system with differentiated advantages in formulation and ingredients. Meiyan Space is steadily advancing R&D of products such as agarose and tannic acid protein. In the field of exosomes, a cutting-edge area, relying on the Group's solid technological platform, Meiyan Space is exploring innovative product forms combining pharmaceuticals and medical devices, continuously tapping into the potential for technological innovation in the medical aesthetic field, and building up core momentum for long-term growth.

Category	Subcategory	Product Business	Preclinical	Clinical	Registration	Approval
Injection	**Novel regenerative materials** (CaHA, PHA, etc.)	4 self-developed				
		2 jointly invested				
	Collagen/Silk fibroin (Animal-, recombinant humanized-, recombinant human collagen)	8 self-developed				
		2 exclusively distributed				
	HA super booster (PDRN skin booster & other component composites optimized)	4 self-developed				
		2 exclusively distributed				
	HA composite products, HA filler (Efficacy optimized)	7 self-developed				
Optoelectronic device body shaping	**Facial & body ultrasound**	2 exclusively distributed				
	Cryolipolysis device	1 exclusively distributed				
	Thermage	1 exclusively distributed				
	Fat harvesting system	1 merged or acquired				
Weight loss	**GLP-1 receptor agonist** (Semaglutide Injection)	1 self-developed				

Notes:

(1) The product stage diagram in the table above demonstrates the current stage of the fastest-progressing project among similar products;

(2) Statistical cutoff date: as of 28 February 2026

Regarding commercialization, Meiyan Space has established a nationwide sales network supported by a direct sales team and cooperative agents. It enables comprehensive terminal coverage of a diverse range of injection products, including botulinum toxin, regenerative materials, and skin booster products, ensuring broad market reach. By the end of the reporting period, the sales network had fully covered 34 provinces and over 370 cities in China, with over 250 cooperative chain groups or regional core entities, and had cumulatively covered over 8,000 medical institutions, of which 1,500 were key core hospitals. Channel penetration and terminal control continued to improve.

In terms of team building, Meiyan Space, relying on its core team with mature sales and management experience from multinational companies such as Allergan and Galderma, has established a direct sales and distribution marketing team for Letybo® and Persnica with more than 700 members. In 2025, a new direct sales team and KA team consisting of over 50 members have been formed for PCL Filler, PLLA Filler, and rejuvenating serum. 50% of the team members are industry elites with experience in regenerative materials or related departments. Meanwhile, a dedicated team for public hospitals has been established, focusing on the application and project cooperation of key products in public hospitals. The market and medical professional teams have undergone concurrent expansion. The marketing department comprises over 30 central strategy and regional operations staff, while the medical strategy and promotional education team has nearly 20 members. This development has established a robust talent pool, offering substantial backing for business growth, service quality enhancement, and the fortification of core competitiveness.

During the Year, Meiyan Space took brand commercialization construction as its core. By employing multi-dimensional measures encompassing online and offline omni-media communication, the creation of core renowned products, participation in industry conferences, and tailored institutional empowerment, Meiyan Space has successfully crafted its brand image and penetrated market awareness. This has facilitated a transition from product sales to brand leadership, while also empowering medical aesthetic institutions to drive product sales effectively, fostering dual growth in both product sales and brand influence. We have established an integrated market operation system of "product co-creation – brand building – institutional empowerment" to delve deeply into the synergistic value of products, co-create core products with cooperating institutions, and develop benchmark joint treatment plans such as "magic Tongyan" and "Letybo+" to enhance customer unit prices and customer loyalty through a portfolio product strategy. We have collaborated with mainstream platforms such as Meituan and Xiaohongshu to build an omni-media communication matrix. This involved a complete overhaul of the brand's visual system, leading to implementation of C-end extensive brand awareness among consumers and B-end targeted empowerment of professional value. Furthermore, the Group actively participated in national and international industry top-level conferences, strengthening its industry position through professional academic opinions, and conducting a series of new product promotion activities to achieve full-channel awareness coverage. It implements the "one hospital, one policy" customized operation strategy. By setting up a professional training system, establishing model institutions, and organizing a range of brand events, we have significantly strengthened the operational capabilities of partner institutions. This has led to a marked increase in core product sales at the terminal, aligning with our strategic objective to shift from brand image enhancement to fostering market trust and long-term mutually beneficial collaborations. These efforts fuel the sustainable growth of our self-developed medical aesthetics brand.

Regarding medical professional empowerment, Meiyan Space has forged extensive partnerships with industry associations, academic institutions, and international collaborators. Through a variety of initiatives of academic collaboration, professional training, and clinical research, it has cultivated a medical aesthetics academic hub. This approach aims to construct unique professional competitive advantages, establishing a robust academic groundwork for the compliant clinical application and innovative utilization of products. We ramped up training and academic initiatives for medical professionals, participating in 20 prominent industry conferences and training programs over the year, engaging with over 8,000 professionals. We conducted over 730 national academic and practical training sessions, reaching nearly 13,000 injection and dermatology practitioners. Furthermore, we enhanced collaboration with over 70 experts nationwide in the regenerative field, operations, and consulting, aiming to broaden product market influence through professional academic contributions. We collaborated with industry leading KOLs (Key Opinion Leaders) to conduct 6 post market investigator-initiated clinical trial (IIT), to validate product efficacy and safety through clinical data; collaborated with KOLs across the country to develop and enhance over 50 sets of product training materials. We also refined the product advisory board and expert panel for regenerative products. Furthermore, we facilitated trial applications and co-development of product portfolios with strategic partner institutions for core products, fostering innovation and advancing clinical application. Moreover, the Group engaged in extensive collaboration with South Korea's Hugel and other international partners. Over the year, more than 200 physician trainings were organized, disseminating evidence-based practice logic and safe treatment systems to the industry standardization. A dedicated medical strategy and promotional education team was established to provide comprehensive medical technical support to partner institutions and doctors. It not only solidified the brand's professional academic position but also guaranteed the clinical effectiveness and user experience of the products, thereby further reinforcing the core competitive edge of the medical aesthetics segment.

Meiyan Space continued to enhance the integrated operational system spanning R&D, sales, marketing, and medical services, while expanding the national channel network with the dual-channel model of "direct sales + distribution" as its core. Employing tiered operations and cross-regional collaboration strategies, the Meiyan Space leveraged channel value to transition from individual product sales to the provision of "product portfolios and solutions." It reinforces industry competitive advantages consistently, fostering value co-creation and close integration with collaborative medical aesthetic institutions, thereby spearheading value enhancement and model innovation within the medical aesthetics industry.

2. ***Energy-based Devices Product Pipeline: Sylfirm Dual-wave RF Microneedle Sets Industry Benchmarks, Collaborative Development Unleashes Growth Potential***

In 2025, the Group's energy-based aesthetic device business under the medical aesthetic product segment made a significant breakthrough from market introduction to brand leadership. The core product, Sylfirm dual-wave RF microneedle (SYLFIRMX™ Dual Wave Radiofrequency Microneedle System), has become the core growth engine of the segment, leveraging globally leading technological innovation, diverse clinical value, and authoritative international certifications. It has built a high barrier differentiated competitive advantage in the professional medical aesthetic equipment industry, thereby laying a solid foundation for the Group to expand its structure in the medical aesthetic field and enhance its influence in this niche market.

As the world's first dual wave RF microneedle innovative device, Sylfirm dual-wave RF microneedle, is a benchmark product of the Group in the field of medical aesthetics optoelectronic. It integrates the dual core technologies of microneedle and radio frequency to achieve precise targeted irradiation of the dermis layer by RF energy through the bipolar non-insulating electrode system. Leveraging the world's first dual-wave mode combining continuous wave and pulsed wave technologies, this system achieves comprehensive, full-layer skin treatment, providing a one-stop solution for multi-dimensional skin concerns ranging from superficial to deep layers. It caters to a broad spectrum of indications such as facial and body tightening, acne scar treatment, melasma reduction, and hair regeneration. Compared to similar products, it offers notable technical and clinical advantages. Moreover, it achieved bloodless treatment during the process through an innovative electrode design, offering a pain-free and recovery-free clinical experience, significantly enhancing end-user acceptance. Its technical strength and clinical value have been dual certified by the US FDA and the Korea KFDA, laying a solid foundation for market promotion and international expansion.

In terms of commercialization, Meiyan Space has adopted a "direct sales + distribution" dual-track market approach to efficiently complete the market plan of 31 provinces across the country, as well as Hong Kong and Macau. This strategy has facilitated the rapid establishment of a professional sales, training, and after-sales system, ensuring efficient engagement with terminal institutions and consumers. The brand's market penetration and customer recognition have steadily increased. Meanwhile, through academic empowerment, overseas collaboration, digital marketing, and terminal empowerment, the Group has comprehensively laid out its strategy to continuously enhance brand professional influence, build a complete end-user institutional ecosystem, and solidify the foundation for product commercialization. To maximize product value and broaden clinical application scenarios, Meiyan Space introduced the "Sylfirm X+ Plan" in 2025. This initiative actively drives the R&D of combined treatment solutions involving Sylfirm dual-wave RF microneedles and the Group's injection products, transitioning the business from solely supplying devices to offering "optoelectronic + injection" integrated solutions. By reinforcing synergy with the Group's medical aesthetic product line, it enhances the overall service capacity and market competitiveness of the business segment.

The rapid development of the energy-based aesthetic device business is an important achievement for the Group in broadening its presence within the medical aesthetic field. With the dual efforts of technological innovation and ecological synergy, Meiyan Space has established an industry benchmark in the field of professional optoelectronic devices of medical aesthetic business. In the future, Meiyan Space will leverage its core technological strengths and well-established commercialization capabilities to unlock the clinical value and market potential of its products. This strategy aims to boost both product and brand value, propelling the diversified and global expansion of the Group's medical aesthetic business.

Looking ahead, Meiyan Space is capitalizing on the strong foundation laid in 2025, a pivotal year for brand commercialization. The focus is on fully unleashing the synergistic value and core competitiveness of the comprehensive product portfolio. Emphasis is placed on establishing a high-efficiency service system cantered around consultancy-style marketing and multi-dimensional products. The strategic advancement continues, moving towards a profound shift from a medical aesthetic product supplier to a professional provider of comprehensive medical aesthetic solutions. It aims to fortify industry competitive advantages through systematic capabilities, continuously leading the charge in value enhancement and model innovation within the medical aesthetic industry.

(2) Progress in Innovative Drugs and Other Pharmaceuticals Division: Xuanzhu Biopharm and Huisheng Biopharm Enter Harvest Phase while Accelerating Commercialization

During the Year, the Group accelerated the commercialisation of its products. The revenue of the innovative drugs and other drugs segment reached approximately RMB176.4 million, representing a year-on-year increase of approximately 206.3%. R&D expenses amounted to approximately RMB216.0 million, representing a year-on-year decrease of 37.6%. The segment performance loss amounted to approximately RMB648.0 million, narrowing by 31.6% year-on-year.

1. Xuanzhu Biopharm: Successfully listed on the Stock Exchange, providing solid support for future R&D innovation and market expansion; two independently developed innovative oncology drugs approved for market launch, becoming new engines for performance growth.

Xuanzhu Biopharm is a non-wholly owned subsidiary of the Group, an innovation-driven biopharmaceutical enterprise that has entered the commercialization stage. It focused on the areas of digestion, oncology and non-alcoholic steatohepatitis (NASH). It has been listed on the Main Board of the the Stock Exchange (Stock Code: 02575.HK) on 15 October 2025 and entered the international capital market. It is poised to deepen global collaborations, expand innovative technologies, pursue breakthroughs in key disease sectors, bolster market competitiveness, lay a robust groundwork for ongoing development of Xuanzhu Biopharm, and propel Xuanzhu Biopharm towards becoming a frontrunner in China's innovative pharmaceutical industry.

In terms of products, as of the end of the reporting period, Xuanzhu Biopharm had three innovative drugs approved for marketing, forming a "three-wheeled commercialized drivers" covering two major areas of digestion and oncology. It drives the product structure upgrading from a "single pillar" to a "diverse and collaborative" model. In terms of R&D, milestone progress has been made in various early independently developed or introduced pipelines, injecting new momentum into sustained development.

Xuanzhu Biopharm aims to build a globally competitive and differentiated innovative drug pipeline as its long-term goal. In the short term, it will focus on the commercialization of its core products and the advancement of drugs under development. In the medium and long term, Xuanzhu Biopharm will adhere to the dual drive of independent R&D and external collaboration, continuously enriching its product portfolio, strengthening its competitive position in sub-segments, and comprehensively unleashing the value of innovation.

Category	Drug Candidates	Target	Drug Classification	Self-developed/ Externally Introduced	Clinical Indication	Current Phase						
						Pre-clinical	IND	Phase I	Phase II	Phase III	NDA	Approval
Digestive	An Jiu Wei Anaprazole Sodium	PPI	Innovative small molecule drug	Self-developed	Duodenal ulcer							
					Adult reflux esophagitis							
					Helicobacter pylori eradication							
Oncology	Xuan Yue Ning Bireociclib	CDK2/4/6	Innovative small molecule drug	Self-developed	HR+/HER2- advanced breast cancer (+Fulvestrant)							
					HR+/HER2- advanced breast cancer (+AI)							
					HR+/HER2- locally advanced or metastatic breast cancer							
					HR+/HER2- adjuvant treatment of early breast cancer (+endocrine)							
	Xuan Fei Ning Dirozalkib	ALK	Innovative small molecule drug	Self-developed	1st-line treatment for ALK+ advanced NSCLC							
					Adjuvant treatment for ALK+ NSCLC following tumor resection							
	KM602	CD80 fusion protein	Innovative biological drug	Acquired	Solid tumors (Melanoma, NSCLC, etc)							
	KM501	HER2/HER2	Innovative biological drug -ADC	Self-developed	HER2+ and HER2- low expression solid tumors (breast cancer, gastric cancer, etc.)							
	XZP-7797	PARP1 Inhibitor	Innovative small molecule drug	Self-developed	Solid tumors (breast cancer, ovarian cancer, prostate cancer, pancreatic cancer, etc.)							
	XZP-6924	USP1 Inhibitor	Innovative small molecule drug	Self-developed	Solid tumors (breast cancer, ovarian cancer, prostate cancer, pancreatic cancer, etc.)							
	XZB-0004	AXL	Innovative small molecule drug	License-in	Solid tumor							
					Myelodysplastic syndromes/Acute myelogenous leukemia							
	XZP-6877	DNA-PK	Innovative small molecule drug	Self-developed	Solid tumor							
	NG-350A	CD40	Innovative biological drug	License-in	Solid tumor (pancreatic cancer, colorectal cancer, etc.)							
NASH	XZP-5610	FXR	Innovative small molecule drug	Self-developed	non-alcoholic steatohepatitis (NASH)							
	XZP-6019	KHK	Innovative small molecule drug	Self-developed	non-alcoholic steatohepatitis (NASH)							

Notes:

End of statistical date: as of 30 March 2026;

Core Products

Key Products

Exemption clinical trials

R&D in China

R&D in US

Xuan Yue Ning (Bireociclib Tablets) is one of the core products of Xuanzhu Biopharm. It obtained NMPA approval in May 2025 for two indications, including monotherapy for posterior line treatment and in combination with Fulvestrant for second-line treatment of HR+/HER2- advanced breast cancer. It is the first and only CDK2/4/6 inhibitor approved for monotherapy for posterior line treatment of HR+/HER2- advanced breast cancer, filling a gap in the treatment of this area. Its indication in combination of letrozole/anastrozole for the first-line treatment was approved for marketing by NMPA in March 2026.

During the Year, a number of clinical studies of this product have been published in reputable academic conferences and journals, verifying its efficacy and safety, including:

- The study results of Bireociclib Tablets used as monotherapy for posterior line treatment (BRIGHT-1 Study) were published in the journal *Cancer Communications*. It showed that Bireociclib Tablets used as monotherapy treatment have significant efficacy in patients with relapsed/refractory disease, with IRC assessment of ORR reaching 29.8%, mPFS of 11.0 months, and mOS of 29.0 months.

- The interim analysis results of Bireociclib in combination with Fulvestrant for second-line treatment (BRIGHT-2 study) were published in journal *Nature Communications*, and the final results were published at the 2025 American Association for Cancer Research ("**AACR**") meeting. The final results showed that mPFS reached 14.69 months, with a significant extension (HR = 0.542, p<0.0001) compared with the control group (7.33 months). It showed outstanding benefits in patients with primary drug resistance on endocrine therapy (HR = 0.337) and patients with simple bone metastases (HR = 0.184), demonstrating that Bireociclib Tablets combined with Fulvestrant treatment has a more active treatment effect on such refractory tumours.

- According to the results of the aggregate analysis of 697 HR+/HER2- advanced breast cancer patients with baseline no brain metastases (BM) in both BRIGHT-1 and BRIGHT-2 trials published at American Society of Clinical Oncology ("**ASCO**") meeting in 2025, Bireociclib Tablets has the potential to reduce the occurrence of brain metastases and inhibit intracranial lesions in HR+/HER2- advanced breast cancer patients.

- The interim analysis results of Bireociclib Tablets in combination with letrozole or anastrozole for the first-line treatment (BRIGHT-3 Study) were published at 2025 European Society for Medical Oncology (“**ESMO**”). The results showed that mPFS in the Bireociclib Tablets had not yet been reached and could reduce the risk of disease progression or death by 47%, with a risk reduction of 64% in patients with liver metastases, and an ORR of 63.5%, significantly superior to 42.5% in the control group. The safety profile was good, and the common adverse events (such as diarrhea and neutropenia) were mostly grade 1–2, which can be effectively managed through supportive care or dose adjustment.

In terms of commercialization, the commercialization system was efficiently constructed. Its results were remarkable in terms of team building, medical insurance access, and terminal coverage. It took only two months from its approval until the first prescription was issued. Both indications were successfully included in the 2025 NRDL. As at the end of the reporting period, a sales team of over 140 people had been formed, covering approximately 500 hospitals and over 200 DTP pharmacies, achieving coverage of 31 provinces, municipalities and autonomous regions across the country, and completing the listing on procurement platforms in all provinces across the country. At the same time, during the reporting period, Bireociclib was included in the “Guidelines for breast cancer diagnosis and treatment (2026 edition)” and was listed as the core standard treatment for advanced HR+HER2- breast cancer.

Xuan Fei Ning (Dirozalkib Tablets), as an innovative ALK inhibitor, has excellent systemic and intracranial anti-tumor effects. It demonstrates strong inhibitory activity against common drug-resistant mutations such as G1202R and I1171N, including first-generation and most second-generation ALK-TKIs. It was approved by the NMPA in August 2025 for the treatment of ALK-positive advanced NSCLC. The results of interim analysis in the Phase III clinical study (DIAMOND-2) of the product were released at the 2025 CSCO annual meeting. The data showed that its efficacy was significant: mPFS reached 31.3 months, ORR was 88.5%, IC-ORR was as high as 91.7%, and its safety was good. The common adverse effects were mostly grade 1–2 gastrointestinal reactions, which significantly improved patients’ adherence with long-term medication. During the Year, Dirozalkib has been included in “China clinical practice guideline for stage IV primary lung cancer (2026 edition)” becoming an important reference medication for clinical diagnosis and treatment in the field.

In terms of commercialization, the initial commercialization of Xuan Fei Ning was completed after approval. As of the end of the reporting period, it covered approximately 200 hospitals. It has entered the markets in core provinces and cities such as Beijing, Tianjin, Chongqing, Shanghai, Guangdong, Sichuan, Jiangsu, Zhejiang, Fujian, through the shared DTP pharmaceutical network with Xuan Yue Ning, and initially established a coverage network focused on key regions. It currently shares a sales team with Bireociclib to maximize sales force resource efficiency. During the reporting year, Xuanzhu Biopharm made systematic and forward-looking progress in the preliminary preparation for healthcare admission, including refining the product's core value proposition, initiating pharmaceutical economics research, and generating key evidence required for healthcare admission in a targeted manner, so as to achieve the successful inclusion of Xuan Fei Ning in the National Reimbursement Drug List in 2026, thereby improving patient accessibility.

An Jiu Wei (Anaprazole Sodium Enteric Coated Tablets) is a PPI innovative drug independently developed by Xuanzhu Biopharm, with global intellectual property rights. It is also the first and only PPI independently developed by a domestic company in China, with an innovative structural design. The drug offers the advantages such as non-enzyme and multiple-enzyme metabolism, dual-channel excretion (intestinal and renal). Only 3.5% is metabolized by CYP2C19, which makes it unaffected by CYP2C19 gene polymorphism. Compared with previous generations of PPIs, Anaprazole Sodium Enteric Coated Tablets has a lower risk of concomitant medication. It will be a safer medication option for patients with multiple medications as well as those with renal insufficiency.

An Jiu Wei was approved for the treatment of duodenal ulcers in June 2023 and was included in the National Reimbursement Drug List in the same year. It was successfully renewed for inclusion in the 2025 National Reimbursement Drug List during the reporting year, with the renewed medical insurance price remaining unchanged. Furthermore, Xuanzhu Biopharm plans to submit the NDA of An Jiu Wei for the treatment of reflux esophageal in 2026. It is expected to further expand the market coverage and create a synergistic effect in commercialization.

For commercialization, Xuanzhu Biopharm continued to improve its marketing system and optimize its strategic layout, thereby achieving effective and extensive coverage of terminal institutions and enhancing team efficiency. As of the end of the reporting period, An Jiu Wei had covered over 2,000 medical institutions and more than 90 cooperative distributors across the country. Xuanzhu Biopharm is steadily advancing the entry of medical institutions in various provinces. In line with the implementation of the new national policy, and continuously strengthening the management and assessment of its marketing team, laying the foundation for further improving terminal coverage in the future.

In terms of the R&D product pipeline, Xuanzhu Biopharm continues to drive long-term growth with differentiated R&D strategies:

- XZP-7797, a self-developed PARP1 inhibitor, was approved IND by the NMPA in February 2025. The Phase I clinical trial commenced in December 2025. The drug has good cerebral penetration and aims to reduce hematological toxicity caused by PARP2 inhibition, providing potential new treatment for patients with cerebral metastases.

- Technological breakthrough achieved through overseas introduction and collaborations: NG-350A (new generation Oncolytic Viral Therapeutics) has obtained fast track designation from the U.S. FDA for the treatment of localized advanced rectal cancer (LARC) with proficient mismatch repair (pMMR). The product enables safe and effective intravenous delivery to both primary and metastatic tumor sites, thereby enhancing the therapeutic impact while reducing systemic toxicity.

In terms of internationalization, Xuanzhu Biopharm actively promotes the external licensing of its products to accelerate its global market expansion.

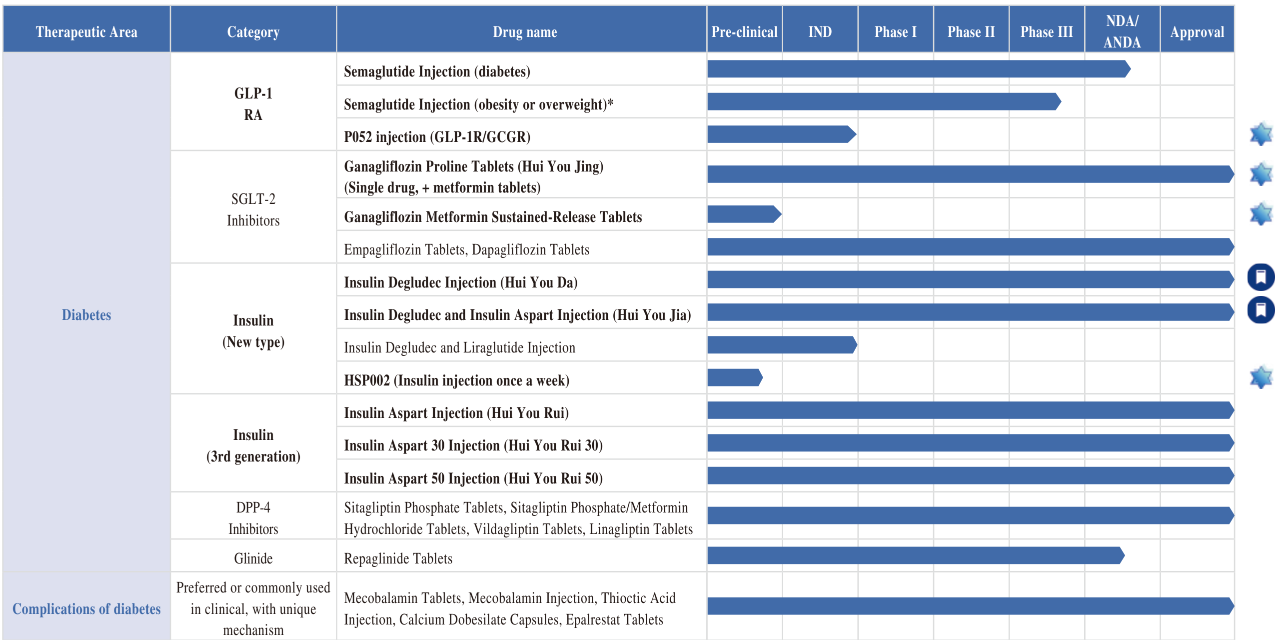
- Regarding the products which have entered a mature stage (such as Bireociclib Tablets, Dirozalkib Tablets, and Anaprazole Sodium Enteric Coated Tablets), the Group has actively promoted an overseas strategy with authorization cooperation as the main model. Licensing agreements have been reached for Bireociclib Tablets in the Euro-Asian Economic Union region, covering the exclusive rights in five countries of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. Moreover, Xuanzhu Biopharm's expansion in markets such as Southeast Asia, the Middle East and Latin America have made phased progress.

- For the early stage innovative product pipelines (such as XZP-7797), Xuanzhu Biopharm is advancing discussions with potential partners in markets such as Europe, the United States, Japan and South Korea. At present, positive progress has been made in R&D and cooperation. We look forward to further advancing the achievement of R&D milestones and striving to establish strategic cooperation relationships with interested partners.

2. ***Huisheng Biopharm: Accelerated commercialization progress within the Year has driven simultaneous enhancements in brand influence and market competitiveness, poised to propel Huisheng Biopharm's performance toward significant growth within the next 5 years.***

Huisheng Biopharm, a biopharmaceutical company of the Group focused on diabetes and complications, has established a product pipeline that covers the entire disease course and diversified mechanisms of diabetes. The products encompass oral hypoglycemic drugs such as SGLT-2 inhibitors and DPP-4 inhibitors, a full range of insulins, GLP-1 analogues, and complications of diabetes, dedicated to providing a full course and an integrated therapeutic solution spanning across the full disease cycle for patients. As of the end of the reporting period, Huisheng Biopharm has a total of 17 products approved for launch (including 24 strengths and 26 drug marketing approvals). The core products include Class 1 innovative drug Hui You Jing (Ganagliflozin Proline Tablets), as well as the first domestic biosimilar drug Hui You Jia (Insulin Degludec and Insulin Aspart Injection) and Hui You Da (Insulin Degludec Injection).

Rich Product Pipeline, Realizing Full Coverage in Diabetes and Complications



Notes:

(1) Statistical date: as of 28 February 2026;

(2) Innovative drugs;

(3) First biosimilar;

(4) *The clinical R&D and commercialization rights in Greater China have been authorized to Meiyan Space

During the reporting period, Huisheng Biopharm continued to advance the commercialization layout of its marketed products, constantly expanding hospital channels and strengthening the establishment of an academic promotion system through the "direct sales + distribution + retail" marketing model. Throughout the year, nearly a thousand academic training sessions and academic events were organized, reaching more than 10,000 clinical experts and numerous patient groups, thereby enhancing the awareness and brand influence of Huisheng Biopharm's products. The market access of its core products has accelerated significantly. With the gradual improvement of the commercialization system, the market expansion of core products such as Hui You Jing, Hui You Jia and Hui You Da has made positive progress.

Hui You Jing, being a class 1 innovative drug for SGLT-2 inhibitors independently developed by Huisheng Biopharm, has been approved for listing by the NMPA in January 2024 and included in the National Reimbursement Drug List in the same year. It is the second class-1 innovative drug for SGLT-2 inhibitors approved for listing in China. It not only has significant efficacy in reducing blood sugar, but also has multiple benefits such as reducing blood pressure, weight loss, and improving lipid profiles. It also has a low risk of hypoglycemia and good safety. At present, the product has been authorized to Huadong Medicine to be responsible for its exclusive promotion of the product in Greater China. 2025 was its first full commercialization year. During the reporting period, Huisheng Biopharm accelerated its commercial network buildup. By the end of the period, it had covered nearly 5,000 hospitals across the country, including more than 2,000 hospitals of secondary level or above.

Hui You Jia was approved in China in July 2024 as the first biosimilar product. The product is composed of 70% insulin Degludec and 30% insulin Aspart capable of satisfying both basal and mealtime insulin needs with a single injection. While reducing the risk of hypoglycemia, it further improves treatment convenience and patient compliance. During the reporting period, Huisheng Biopharm accelerated the market introduction of the product. By the end of the period, it had covered more than 3,000 hospitals, including more than 1,600 secondary-level or higher hospitals, and entered more than 400 DTP pharmacies.

Hui You Da was approved for marketing in China as the first biosimilar product in August 2024, is a long-acting basal insulin analogue, with a duration of action of approximately 42 hours and flexible injection timing, which helps enhance patient adherence and effectively reduce hypoglycemia risk. During the reporting period, Huisheng Biopharm continued to advance its channel construction. By the end of the period, it had entered over 600 hospitals nationwide.

In order to further accelerate the market promotion of the core products, Huisheng Biopharm reached a cooperation agreement with Tonghua Dongbao (stock code: 600867.SH) on 14 February 2026, and granted the exclusive commercialization rights of Hui You Jia and Hui You Da in Chinese mainland to Tonghua Dongbao. Relying on its mature commercial system and market coverage in the field of diabetes treatment, it is expected to further improve the market penetration and patient accessibility of related products, and accelerate the large-scale promotion of domestic insulin products.

In terms of R&D pipelines, Huisheng Biopharm continues to deepen its layout in the metabolic field and promote the development of multiple products. During the reporting period, Dapagliflozin was approved for marketing and was deemed to have passed the evaluation of consistency in quality and efficacy, further enriching Huisheng Biopharm's product line of oral hypoglycemic drugs. The application for marketing of the "diabetes indication" of Semaglutide Injection has passed the on-site inspection carried out by the NMPA, and the "weight-loss indication" of Semaglutide Injection has completed Phase III clinical enrollment and is in the follow-up stage. Furthermore, the GLP-1R/GCGR dual-target agonist P052 Injection independently developed by Huisheng Biopharm has been approved for conducting clinical trials, intending for the treatment of type 2 diabetes and overweight/obesity.

In terms of international business, Huisheng Biopharm fully launched internationalization work in 2025 and promoted overseas market with insulin series products as the core, focusing on expanding into emerging markets such as Latin America, Southeast Asia, South Asia, and Middle East and North Africa. Based on Huisheng Biopharm's advantages of R&D and production in the insulin field, related products have good market potential in multiple emerging markets. At present, Huisheng Biopharm has reached cooperation agreements with partners in nearly 10 countries, and is promoting product registration and commercialization preparations, gradually building an international business network covering multiple regional markets. During the Year, Huisheng Biopharm's Insulin Degludec project has passed the GMP on-site certification of the Agência Nacional de Vigilância Sanitária (ANVISA) and obtained the certification certificate, marking a significant milestone in Huisheng Biopharm's quality system achieving international regulatory standards and creating important prerequisites for related products to enter overseas markets, and is expected to accelerate Huisheng Biopharm's product access process in more emerging markets, promoting Huisheng Biopharm's strategic upgrade from "product overseas expansion" to "system overseas expansion".

Looking forward, Huisheng Biopharm will continue to focus on the diabetes field, continue to promote the commercialization of core products, accelerate the clinical development and registration process of the products under R&D, and further enhance the brand influence and comprehensive competitiveness of Huisheng Biopharm in the field of international diabetes treatment through domestic cooperation and international market expansion, so as to provide a sustained impetus for the long-term performance growth of the Group.

(3) **Generic Drug Segment Progress: Continues to serve as the Group's stable cash cow, supporting innovation and transformation; orderly divestment of generic drug businesses that underperform or lack sustainable profitability.**

During the reporting period, the generic drug business continued to be the Group's "cash cow" business during the reporting year, providing stable cash flow support for the Group's strategic transformation towards "Medical Aesthetic + Innovative Drug," enabling the Group to direct more of its resources towards the high-growth medical aesthetic sector and the long-term value innovative drug R&D pipeline, achieving strategic synergy and balanced development between its traditional and emerging businesses. In recent years, due to the impact of national policies such as centralized and volume-based procurement of medicines and key monitoring lists, the overall prices in the generic drug industry have been under pressure. The revenue and profitability of some of the Group's existing products have also been affected in a phased manner.

During the Year, the generic drugs segment achieved revenue of approximately RMB956.3 million, representing a year-on-year decrease of 13.0%, and achieved segment results profit of approximately RMB282.6 million, representing a year-on-year decrease of 20.7%.

During the Year, a total of 16 generic drug products were approved for marketing, which continues to provide cash flow for the Group. These include eleven new products approved for market launch, namely Sugammadex Sodium Injection, Aspirin Enteric-coated Tablets, Zoledronic Acid Injection, Duloxetine Hydrochloride Enteric-coated Capsules, Metaraminol Tartrate Injection, Etomidate Medium/Long-Chain Fat Emulsion Injection, Nicorandil Injection, Levetiracetam Oral Solution, Phloroglucinol Injection, Dipyridamole Tablets and Milrinone Injection; two products with new strengths approved, namely Citicoline Sodium Injection and Sacubitril Valsartan Sodium Tablets; and three products passing the consistency evaluation for quality and efficacy of generic drugs, namely Ornidazole Injection, Edaravone Injection and Nicorandil Tablets.

In the future, the Group will continue to optimize its business portfolio, adhere to the strategic direction with value creation as its core, and continue to advance and expedite the spin-off and divestment of certain generic drug products, as well as other non-core traditional pharmaceutical or healthcare-related businesses and assets that have not met operational expectations or do not align with long-term strategic development goals, retaining the core competitive products with market competitiveness, balancing the development and stability of the generic drug business as a cash cow.

The Group will consolidate its resources and further focus on the two primary business segments: medical aesthetics, and innovative drugs and biopharmaceuticals, which exhibit significant growth potential. This approach involves ramping up R&D, innovation, market expansion, and commercialization in these sectors, fortifying enduring competitive advantages. These efforts aim to propel the Group towards a trajectory of higher quality and sustainable growth.

The Group always adheres to a people-oriented philosophy, continuously cultivating a diversified and international talent pool for the enterprise's innovation, transformation, upgrading and development. It firmly believes that by focusing on core businesses with high growth potential and at the same time taking into account the steady development of the cash cow business, the Group's strategic goals of innovative transformation and high-quality development will undoubtedly be achieved.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	3	**2,618,008**	1,901,109
Cost of sales		**(816,150)**	(659,399)
GROSS PROFIT		**1,801,858**	1,241,710
Other income	3	**200,451**	248,034
Other gains – net	3	**60,522**	123,732
Distribution expenses		**(620,780)**	(430,055)
Administrative expenses		**(497,327)**	(745,429)
Research and development expenses		**(291,274)**	(473,925)
Other expenses		**(46,326)**	(102,198)
OPERATING PROFIT/(LOSS)		**607,124**	(138,131)
Finance expenses	5	**(201,575)**	(274,931)
Share of profits and losses of investments accounted for using the equity method	10	**11,607**	(15,226)
PROFIT/(LOSS) BEFORE TAX	4	**417,156**	(428,288)
Income tax expense	6	**(231,752)**	(43,261)
PROFIT/(LOSS) FOR THE YEAR		**185,404**	(471,549)
Attributable to:			
Owners of the Company		**179,696**	(216,662)
Non-controlling interests		**5,708**	(254,887)
		185,404	(471,549)

	Notes	**2025** *RMB'000*	2024 *RMB'000*
PROFIT/(LOSS) FOR THE YEAR		**185,404**	(471,549)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**185,404**	(471,549)
Attributable to:			
Owners of the Company		**179,696**	(216,662)
Non-controlling interests		**5,708**	(254,887)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**185,404**	(471,549)
		RMB	*RMB*
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
For profit/(loss) for the year		**1.97** cents	(2.34) cents
Diluted			
For profit/(loss) for the year		**1.97** cents	(2.34) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,902,754**	2,007,453
Investment properties		**234,663**	255,132
Right-of-use assets		**566,779**	627,357
Goodwill		**1,853**	1,853
Intangible assets	9	**953,765**	841,729
Investments accounted for using the equity method	10	**663,158**	647,591
Financial assets at fair value through profit or loss	11	**396,680**	170,451
Other non-current assets		**113,433**	130,252
Deferred tax assets		**41,414**	32,129
Time deposits		**104,700**	100,000
Pledged deposits		**–**	7
Total non-current assets		**4,979,199**	4,813,954
CURRENT ASSETS			
Inventories		**617,728**	417,000
Trade and other receivables	12	**1,940,141**	1,424,186
Financial assets at fair value through profit or loss	11	**350,675**	110,578
Cash and cash equivalents		**3,560,506**	3,522,383
Time deposits		**66,106**	144,000
Pledged deposits		**117,574**	99,416
Total current assets		**6,652,730**	5,717,563
CURRENT LIABILITIES			
Trade and other payables	15	**1,933,772**	1,687,878
Interest-bearing bank borrowings	16	**192,314**	137,037
Contract liabilities		**93,802**	101,337
Income tax payable		**122,515**	63,968
Lease liabilities		**17,751**	11,380
Other current liabilities	14	**1,329,891**	1,308,816
Total current liabilities		**3,690,045**	3,310,416

	Notes	31 December **2025** *RMB'000*	2024 *RMB'000*
NET CURRENT ASSETS		**2,962,685**	2,407,147
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,941,884**	7,221,101
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,694**	5,261
Interest-bearing bank borrowings	16	**694,437**	704,747
Lease liabilities		**7,673**	12,505
Contract liabilities		**200,945**	202,651
Other non-current liabilities	14	**134,913**	1,346,633
Total non-current liabilities		**1,041,662**	2,271,797
Net assets		**6,900,222**	4,949,304
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**77,058**	77,058
Treasury shares	13	**(242,734)**	(54,109)
Share premium	13	**3,882,304**	3,882,304
Reserves		**1,531,098**	(31,419)
Retained earnings		**601,745**	498,424
		5,849,471	4,372,258
Non-controlling interests		**1,050,751**	577,046
Total equity		**6,900,222**	4,949,304

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products, notes receivable and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Changes in accounting policies and disclosures

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

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

In addition, the HKICPA has issued amendments to Illustrative Examples on IFRS 7, IFRS18, IAS1, IAS8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(a) the medical aesthetic products segment including the filling, shaping, supporting, supplementing, optoelectronic devices, body sculpturing, skin care and other services to provide non- or minimally invasive medical aesthetics comprehensive solutions;

(b) the innovative medicine and other medicine segment; and

(c) the generic medicine segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker who assesses the performance of the operating segments based on their revenue and operating profit rather than their assets and liabilities.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Year ended 31 December 2025

	Medical aesthetic products *RMB'000*	**Innovative medicine and other medicine** *RMB'000*	**Generic medicine** *RMB'000*	**Total** *RMB'000*
Segment revenue *(note 3)*				
Sales to external customers	**1,485,263**	**176,426**	**956,319**	**2,618,008**
Intersegment sales	**–**	**55,998**	**–**	**55,998**
	1,485,263	**232,424**	**956,319**	**2,674,006**
Reconciliation:				
Elimination of intersegment sales				**(55,998)**
Revenue				**2,618,008**
Segment results	**818,391**	**(648,010)**	**282,584**	**452,965**
Reconciliation:				
Unallocated other income				**72,218**
Unallocated other gains – net				**19,269**
Unallocated expenses				**(108,122)**
Unallocated finance expenses				**(30,781)**
Share of profits and losses of investments accounted for using the equity method				**11,607**
Profit before tax				**417,156**

Year ended 31 December 2024

	Medical aesthetic products *RMB'000*	Innovative medicine and other medicine *RMB'000*	Generic medicine *RMB'000*	Total *RMB'000*
Segment revenue *(note 3)*				
Sales to external customers	744,224	57,597	1,099,288	1,901,109
Intersegment sales	–	52,075	–	52,075
	744,224	109,672	1,099,288	1,953,184
Reconciliation:				
Elimination of intersegment sales				(52,075)
Revenue				1,901,109
Segment results	251,021	(948,048)	356,538	(340,489)
Reconciliation:				
Unallocated other income				52,805
Unallocated other gains – net				6,119
Unallocated expenses				(98,017)
Unallocated finance expenses				(33,480)
Share of profits and losses of investments accounted for using the equity method				(15,226)
Loss before tax				(428,288)

Geographical information

(a) ***Revenue from external customers***

	2025	2024
	RMB'000	*RMB'000*
Geographical markets		
Chinese mainland	**2,604,564**	1,888,547
United States of America	**13,102**	12,562
Others	**342**	–
	2,618,008	1,901,109

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2025	2024
	RMB'000	*RMB'000*
Geographical markets		
Chinese mainland	**4,321,437**	4,373,959
United States of America	**7,911**	12,589
Others	**83**	–
	4,329,431	4,386,548

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information from major customer

Revenue of approximately RMB728,547,000 (2024: RMB173,554,000) was derived from sales of medical aesthetic products and generic medicine segments to a single customer, including sales to a group of entities which are known to be under common control with that customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,618,008**	1,901,109

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

For the year ended 31 December 2025

	Medical aesthetic products *RMB'000*	**Innovative medicine and other medicine** *RMB'000*	**Generic medicine** *RMB'000*	**Total** *RMB'000*
Type of goods				
Sales of pharmaceutical products and medical aesthetic products	**1,485,263**	**176,426**	**956,319**	**2,618,008**
Geographical markets				
Chinese mainland	**1,472,161**	**176,426**	**955,977**	**2,604,564**
United States of America	**13,102**	**–**	**–**	**13,102**
Others	**–**	**–**	**342**	**342**
Total	**1,485,263**	**176,426**	**956,319**	**2,618,008**
Timing of revenue recognition				
Goods transferred at a point in time	**1,485,263**	**176,426**	**956,319**	**2,618,008**

For the year ended 31 December 2024

	Medical aesthetic products *RMB'000*	Innovative medicine and other medicine *RMB'000*	Generic medicine *RMB'000*	Total *RMB'000*
Type of goods				
Sales of pharmaceutical products and medical aesthetic products	744,224	57,597	1,099,288	1,901,109
Geographical markets				
Chinese mainland	731,662	57,597	1,099,288	1,888,547
United States of America	12,562	–	–	12,562
Total	744,224	57,597	1,099,288	1,901,109
Timing of revenue recognition				
Goods transferred at a point in time	744,224	57,597	1,099,288	1,901,109

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2025

	Medical aesthetic products *RMB'000*	**Innovative medicine and other medicine** *RMB'000*	**Generic medicine** *RMB'000*	**Total** *RMB'000*
Segments				
Sales to external customers	**1,485,263**	**176,426**	**956,319**	**2,618,008**
Intersegment sales	**–**	**55,998**	**–**	**55,998**
	1,485,263	**232,424**	**956,319**	**2,674,006**
Reconciliation:				
Elimination of intersegment sales				**(55,998)**
Total				**2,618,008**

For the year ended 31 December 2024

	Medical aesthetic products *RMB'000*	Innovative medicine and other medicine *RMB'000*	Generic medicine *RMB'000*	Total *RMB'000*
Segments				
Sales to external customers	744,224	57,597	1,099,288	1,901,109
Intersegment sales	–	52,075	–	52,075
	744,224	109,672	1,099,288	1,953,184
Reconciliation:				
Elimination of intersegment sales				(52,075)
Total				1,901,109

The following table shows the amounts of revenue recognised for the year that were included in the contract liabilities at the beginning of the year and recognised from performance obligations not yet satisfied in previous years:

	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of pharmaceutical products and medical aesthetic products	**98,507**	118,615

(b) ***Performance obligations***

Sales of pharmaceutical products and medical aesthetic products

The performance obligation is satisfied upon acceptance of the pharmaceutical products and medical aesthetic products by customers and payment is generally due within 90 to 180 days from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income

		2025	2024
	Notes	***RMB'000***	*RMB'000*
Interest income		**98,827**	175,548
Gross rental income from investment property operating leases	(i)	**9,704**	9,933
Hospital services income		**61,966**	34,995
Sales of distribution rights	(ii)	**2,830**	8,443
Research and development income	(iii)	**13,231**	5,379
Others		**13,893**	13,736
Total other income		**200,451**	248,034

(i) Gross rental income from investment property operating leases is included in other income as it is not derived from the Group's principal activities. An analysis of rental income is as follows:

	2025	2024
	RMB'000	*RMB'000*
Geographical markets		
Hong Kong	**3,905**	4,839
Chinese mainland	**5,799**	5,094
Total	**9,704**	9,933

(ii) Revenue from sales of distribution rights is included in other income as it is not derived from the Group's principal activities. The geographical market of all the sales of distribution rights is Chinese mainland. The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services. Distribution rights are sold for periods of five years. The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	*RMB'000*
Amounts expected to be recognised as other income:		
Within one year	**–**	2,830

The following table shows the amounts of revenue recognised for the year that were included in the contract liabilities at the beginning of the year:

	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of distribution rights	**2,830**	8,443

(iii) R&D income is included in other income as it is not derived from the Group's principal activities. The geographical market of all the R&D activities is Chinese mainland. The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

Other gains – net

	2025	2024
	RMB'000	*RMB'000*
Government grants (i)	**28,942**	48,002
Gain on disposal of an associate	**13,052**	35,000
Gain on deemed disposal of interest in associates	**17,166**	13,198
Gain on disposal of an investment property	**–**	10,930
Gain on changes in fair value of wealth management products, at fair value	**1,213**	2,284
Gain on changes in fair value of unlisted equity investments, at fair value	**–**	1,010
Gain on disposal of property, plant and equipment	**243**	1,268
Gain on disposal of right-of-use asset	**2,057**	400
Gain on disposal of a subsidiary	**14,893**	–
Exchange (losses)/gains, net	**(17,044)**	11,640
Total gains	**60,522**	123,732

(i) The total government grants represented the subsidies received from the local government and no specific conditions were attached to them.

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	**2025** *RMB'000*	2024 *RMB'000*
Employee benefit expenses (including directors' and chief executive's remuneration)			
Wages and salaries		**449,640**	411,923
Pension scheme contributions	(i)	**66,556**	72,365
Welfares		**13,060**	10,210
Share-based payments		**9,032**	418,020
		538,288	912,518
Cost of inventories sold	(ii)	**816,150**	659,399
Research and development expenses	(ii)	**291,274**	473,925
Depreciation of property, plant and equipment	(ii)/(iii)	**24,823**	29,044
Depreciation of investment properties		**11,106**	11,863
Depreciation of right-of-use assets	(ii)/(iii)	**23,189**	28,256
Amortisation of intangible assets	(ii)/(iii)	**3,314**	15,832
Gain on disposal of property, plant and equipment		**(243)**	(1,268)
Gain on disposal of right-of-use asset		**(2,057)**	(400)
Loss on disposal of intangible assets		**–**	7,374
Gain on disposal of an investment property		**–**	(10,930)
Impairment losses on trade and other receivables	12	**51,950**	6,347
Write-down of inventories to net realisable value		**(5,452)**	9,541
Lease payments not included in the measurement of lease liabilities		**1,948**	3,054
Exchange losses/(gains), net		**17,044**	(11,640)
Auditor's remuneration		**4,000**	4,000
Bank charges		**1,827**	1,350

(i) There were no forfeited contributions at 31 December 2025 (2024: Nil) that might be used by the Group as the employer to reduce the existing level of contributions in the future years.

(ii) The depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets for manufacturing and research activities for the years ended 31 December 2025 and 2024 are included in "Cost of inventories sold" and "R&D expenses".

(iii) Depreciation of property, plant and equipment, right-of-use assets, and amortisation of intangible assets:

	2025 *RMB'000*	2024 *RMB'000*
Included in:		
Distribution expenses	**189**	543
Administrative expenses	**51,137**	72,589

5. FINANCE EXPENSES

An analysis of finance expenses is as follows:

	2025	2024
	RMB'000	*RMB'000*
Interest expenses on:		
Interest-bearing bank borrowings *(note 16)*	**39,116**	46,152
Redemption liabilities on subsidiaries' shares *(note 14)*	**161,791**	228,750
Lease liabilities	**668**	1,544
Total interest expense on financial liabilities not at fair value through profit or loss	**201,575**	276,446
Less: Interest capitalised	**–**	(1,515)
Total	**201,575**	274,931

6. INCOME TAX EXPENSE

The income tax expense of the Group for the years ended 31 December 2025 and 2024 is analysed as follows:

	2025	2024
	RMB'000	*RMB'000*
Current tax	**243,094**	108,682
Deferred tax	**(11,342)**	(65,421)
Total tax charge for the year	**231,752**	43,261

The tax on the Group's profit/loss before tax differs from the theoretical amount that would arise from using the statutory tax rates applicable to profits of the consolidated entities as follows:

	2025	2024
	RMB'000	*RMB'000*
Profit/(loss) before tax	**417,156**	(428,288)
Tax at the statutory tax rates	**113,182**	(100,742)
Tax effects of:		
– Utilisation of previously unrecognised tax losses	**(11,403)**	(18,357)
– Effect of tax concessions and exemptions	**(7,926)**	(19,396)
– Additional deductible allowance for qualified R&D expenses	**(39,879)**	(74,874)
– Expenses not deductible for tax purposes	**17,316**	111,102
– Adjustments recognised in the period for current tax of prior periods	**(421)**	(7,537)
– Profits and losses attributable to joint ventures and associates	**(7,088)**	507
– Income not subject to tax	**(3,156)**	(20,391)
– Tax losses for which no deferred income tax asset was recognised	**181,191**	236,949
– Reverse effect of withholding tax at 5% on the dividends cancelled by the Group's PRC subsidiaries	**–**	(64,000)
– Effect on opening deferred tax of increase in rates	**(10,064)**	–
Total tax charge for the year	**231,752**	43,261

Bermuda profits tax

The Group was not subject to any taxation in this jurisdiction during the year (2024: Nil).

British Virgin Islands ("BVI") profits tax

The Group's entities established under the International Business Companies Acts of BVI are exempted from BVI income tax (2024: Nil).

Cayman Islands profits tax

Subsidiaries incorporated as exempted companies with limited liability under the Companies Act of the Cayman Islands are not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not a party to any double tax treaties that are applicable to any payments made by or to the entities (2024: Nil).

Macau profits tax

The subsidiary incorporated in Macau is subject to Macau profits tax on the taxable income in accordance with relevant Macau tax laws. Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12%.

United States of America profits tax

Pursuant to Tax Cuts and Jobs Act ("**TCJA**") enacted on 22 December 2017, the United States federal statutory income tax rate for the subsidiaries are 21.0%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

Hong Kong profits tax

Hong Kong profits tax was provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

PRC corporate income tax ("PRC CIT")

PRC CIT is provided on the assessable income of the companies now comprising the Group derived from the PRC, adjusted for those items which are not assessable or deductible for the PRC CIT purposes.

The PRC subsidiaries of the Group have determined and paid the corporate income tax in accordance with the Corporate Income Tax Law of the PRC at the tax rate of 25%.

Certain subsidiaries of the Group were qualified as high-tech enterprises. Accordingly, those subsidiaries' corporate income tax for 2025 and 2024 was provided at the rate of 15%.

7. DIVIDENDS

The dividends paid in 2025 and 2024 were RMB90,887,000 and RMB177,080,000, respectively. A final cash dividend for the year ended 31 December 2025 of RMB87,801,000 was recommended by the Board and will be subject to approval at the forthcoming annual general meeting of the Company.

Dividends approved and paid to owners of the Company during the year:

	2025 ***RMB'000***	2024 *RMB'000*
Interim cash dividend for 2025: RMB0.99 cents (2024: RMB1.90 cents) per ordinary share	**90,887**	177,080

Dividends proposed by the Company for the year:

	2025 ***RMB'000***	2024 *RMB'000*
Proposed final cash dividend of RMB0.96 cents (2024: nil) per ordinary share	**87,801**	–

8. EARNINGS/LOSS PER SHARE

The calculation of the basic earnings (2024: loss) per share is based on the profit (2024: loss) for the year attributable to ordinary equity holders of the Company of RMB179,696,000 (2024: loss of RMB216,662,000), and the weighted average number of ordinary shares of 9,120,544,000 (2024: 9,265,984,000) outstanding during the year.

The calculation of the diluted earnings/loss per share is based on the earnings/loss for the year attributable to ordinary equity holders of the Company, as used in the basic earnings/loss per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings/loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2025	2024
	RMB'000	*RMB'000*
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/loss per share calculation	**179,696**	(216,662)
Profit/(loss) attributable to ordinary equity holders of the Company	**179,696**	(216,662)

	2025	2024
	Shares '000	*Shares '000*
Shares		
Weighted average number of ordinary shares outstanding for basic earnings/loss per share*	**9,120,544**	9,265,984
Effect of dilution on weighted average number of ordinary shares:		
Share options**	**6,288**	–
Weighted average number of ordinary shares outstanding for diluted earnings/loss per share	**9,126,832**	9,265,984

* The weighted average number of shares was arrived after taking into account the effect of treasury shares held.

** For the year ended 31 December 2024, the calculation of diluted loss per share has not considered the share options under the share option scheme of the Company as the inclusion would be anti-dilutive.

	2025	2024
	RMB	*RMB*
Basic		
For profit/(loss) for the year	**1.97 cents**	(2.34) cents
Diluted		
For profit/(loss) for the year	**1.97 cents**	(2.34) cents

9. INTANGIBLE ASSETS

	Product development in progress *RMB'000*	Deferred development costs *RMB'000*	Trademarks and softwares *RMB'000*	Customer relationships *RMB'000*	Total *RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	**825,959**	**1,761,864**	**87,835**	**433,932**	**3,109,590**
Accumulated amortisation	**–**	**(656,881)**	**(47,336)**	**(433,932)**	**(1,138,149)**
Impairment	**(258,839)**	**(862,014)**	**(8,859)**	**–**	**(1,129,712)**
Net carrying amount	**567,120**	**242,969**	**31,640**	**–**	**841,729**
Cost at 1 January 2025, net of accumulated amortisation and impairment	**567,120**	**242,969**	**31,640**	**–**	**841,729**
Additions	**123,912**	**10,900**	**1,340**	**–**	**136,152**
Acquisition of a subsidiary	**–**	**17,765**	**–**	**–**	**17,765**
Amortisation charge	**–**	**(36,208)**	**(5,673)**	**–**	**(41,881)**
Transfer from product development in progress	**(282,701)**	**282,701**	**–**	**–**	**–**
Net carrying amount	**408,331**	**518,127**	**27,307**	**–**	**953,765**
At 31 December 2025					
Cost	**667,170**	**2,073,230**	**89,175**	**433,932**	**3,263,507**
Accumulated amortisation	**–**	**(693,089)**	**(53,009)**	**(433,932)**	**(1,180,030)**
Impairment	**(258,839)**	**(862,014)**	**(8,859)**	**–**	**(1,129,712)**
Net carrying amount	**408,331**	**518,127**	**27,307**	**–**	**953,765**

	Product development in progress *RMB'000*	Deferred development costs *RMB'000*	Trademarks and softwares *RMB'000*	Customer relationships *RMB'000*	Total *RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	877,962	1,609,246	86,758	433,932	3,007,898
Accumulated amortisation	–	(626,790)	(41,502)	(433,932)	(1,102,224)
Impairment	(258,839)	(862,014)	(8,859)	–	(1,129,712)
Net carrying amount	619,123	120,442	36,397	–	775,962
Cost at 1 January 2024, net of accumulated amortisation and impairment	619,123	120,442	36,397	–	775,962
Additions	114,358	–	1,312	–	115,670
Disposals	(13,743)	–	(235)	–	(13,978)
Amortisation charge	–	(30,091)	(5,834)	–	(35,925)
Transfer from product development in progress	(152,618)	152,618	–	–	–
Net carrying amount	567,120	242,969	31,640	–	841,729
At 31 December 2024					
Cost	825,959	1,761,864	87,835	433,932	3,109,590
Accumulated amortisation	–	(656,881)	(47,336)	(433,932)	(1,138,149)
Impairment	(258,839)	(862,014)	(8,859)	–	(1,129,712)
Net carrying amount	567,120	242,969	31,640	–	841,729

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 *RMB'000*	2024 *RMB'000*
Share of net assets	**590,909**	572,408
Goodwill on acquisition	**461,560**	464,494
	1,052,469	1,036,902
Provision for impairment	**(389,311)**	(389,311)
Total	**663,158**	647,591

The Group's trade receivable balances related to associates and joint ventures are disclosed in note 12 to the financial statements.

The associates and joint ventures are private companies and there are no quoted market prices available for their shares. There are no contingent liabilities relating to the Group's interests in the associates and joint ventures.

The Group's shareholdings in the associates and joint ventures all comprise equity shares held by wholly-owned subsidiaries of the Company, except for the shareholdings in two entities which are held through non-wholly-owned subsidiaries of the Company.

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

Summarised statements of financial position

	Associates and Joint Ventures	
	31 December	
	2025	2024
	RMB'000	*RMB'000*
Current		
Assets	**1,356,878**	1,229,896
Liabilities	**(1,113,517)**	(1,142,648)
Total net current assets	**243,361**	87,248
Non-current		
Assets	**1,677,430**	1,746,641
Liabilities	**(324,983)**	(380,023)
Total net non-current assets	**1,352,447**	1,366,618
Non-controlling interests	**(71,770)**	(58,518)
Net assets	**1,524,038**	1,395,348

Summarised statements of profit or loss

	Associates and Joint Ventures	
	2025	2024
	RMB'000	*RMB'000*
Revenue	**599,468**	468,439
Profit/(loss) before income tax	**5,318**	(69,242)
Income tax expense	**(832)**	(1,118)
Profit/(loss) for the year	**4,486**	(70,360)
Total comprehensive income/(loss)	**4,486**	(70,360)
Attributable to:		
Owners of the Company	**5,779**	(71,807)
Non-controlling interests	**(1,293)**	1,447

The information above reflects the amounts presented in the financial statements of the associates and joint ventures adjusted for differences in accounting policies among the Group and the associates and joint ventures.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in associates and joint ventures.

	Associates and Joint Ventures	
	2025	2024
	RMB'000	*RMB'000*
Opening net assets 1 January	**1,395,348**	1,140,056
Capital injection by shareholders	**150,000**	58,000
Profit/(loss) for the year	**5,779**	(71,807)
Dividends	**(4,744)**	–
Derecognition of associates	**(22,345)**	269,099
Closing net assets	**1,524,038**	1,395,348
Interest in associates and joint ventures	**590,909**	572,408
Goodwill	**461,560**	464,494
Impairment	**(389,311)**	(389,311)
Carrying value	**663,158**	647,591

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Set out below is an overview of financial assets, other than cash and cash equivalents, trade and other receivables and pledged deposits, held by the Group as at the end of the year:

		31 December	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
Non-current			
Financial assets at fair value through profit or loss:			
Unlisted equity investments, at fair value	(i)	**198,871**	170,451
Wealth management products	(ii)	**197,809**	–
Total non-current		**396,680**	170,451
Current			
Financial assets at fair value through profit or loss:			
Wealth management products	(ii)	**350,675**	110,578
Total current		**350,675**	110,578
Total other financial assets		**747,355**	281,029

(i) The above equity investments at 31 December 2025 were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The amount represents equity investments in the unquoted equity shares. The Group intends to hold these equity shares for the foreseeable future and has not irrevocably elected to classify them at fair value through other comprehensive income.

(ii) The amount represents wealth management products issued by certain reputable banks in Chinese mainland with no fixed interest rate. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

12. TRADE AND OTHER RECEIVABLES

		2025	2024
	Notes	***RMB'000***	*RMB'000*
Trade receivables - third parties	(i)	**1,166,274**	561,940
Notes receivable	(ii)	**94,102**	94,283
Loans to associates	(iii)	**201,012**	277,250
Loans to third parties	(iii)	**77,493**	130,900
Prepayments to suppliers		**213,585**	118,902
Amounts due from other related party		**9,600**	9,600
Amount due from a joint venture		**13,569**	1,193
Amount due from an associate		**224**	224
Dividends receivable		**40,912**	40,912
Receivable from disposal of subsidiaries		**82,517**	82,517
Other receivables	(iv)	**179,405**	195,482
		2,078,693	1,513,203
Provision of impairment on trade receivables		**(104,345)**	(62,296)
Provision of impairment on other receivables		**(34,207)**	(26,721)
Total		**1,940,141**	1,424,186

(i) Trade receivables – third parties

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**1,166,274**	561,940
Provision for impairment	**(104,345)**	(62,296)
Net carrying amount	**1,061,929**	499,644

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally from three to six months, extending up to one year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and monitored regularly by senior management. In view of the aforementioned practice and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of provisions, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**915,720**	406,326
3 to 6 months	**29,343**	30,268
6 months to 1 year	**79,200**	47,980
More than 1 year	**37,666**	15,070
Total	**1,061,929**	499,644

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

	2025	2024
	RMB'000	*RMB'000*
At beginning of year	**62,296**	55,650
Impairment, net	**44,194**	6,646
Amount written off as uncollectible	**(2,145)**	–
At end of year	**104,345**	62,296

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of trade receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As at 31 December 2025

	Ageing of trade receivables				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2.67%**	**34.64%**	**91.17%**	**100.00%**	
Gross carrying amount *(RMB'000)*	**1,052,352**	**56,166**	**10,831**	**46,925**	**1,166,274**
Expected credit losses *(RMB'000)*	**28,089**	**19,456**	**9,875**	**46,925**	**104,345**

As at 31 December 2024

	Ageing of trade receivables				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	2.29%	25.14%	90.86%	100.00%	
Gross carrying amount *(RMB'000)*	495,931	17,599	20,738	27,672	561,940
Expected credit losses *(RMB'000)*	11,357	4,424	18,843	27,672	62,296

(ii) Notes receivable are held with a business model with the objective of either holding to collect contractual cash flows or selling by way of endorsing them to suppliers prior to their expiry dates. These are classified as debt instruments at fair value through other comprehensive income and presented as notes receivable. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant during the years ended 31 December 2025 and 2024.

The Group seeks to maintain strict control over its outstanding notes receivable. As the notes receivable represent the irrevocable bank bills issued by the banks in Chinese mainland with high credit rating, the Group estimated that the expected credit loss rate for notes receivable was minimal.

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain notes receivable accepted by banks in Chinese mainland (the "**derecognised notes**") to certain of its suppliers and banks in order to settle the trade payables with a carrying amount in aggregate of RMB36,432,000. The derecognised notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised notes may exercise the right of recourse against any, several or all of the persons liable for the derecognised notes, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the derecognised notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the derecognised notes. Accordingly, it has derecognised the full carrying amounts of the derecognised notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised notes and the undiscounted cash flows to repurchase these derecognised notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognised notes are not significant.

During the year ended 31 December 2025, the Group recognised loss amounting to RMB70 on the date of transfer of the derecognised notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsements were evenly throughout the year.

(iii) The Group seeks to maintain strict control over its outstanding loans to minimise credit risk. Material balances are reviewed regularly by senior management. Loans to associates and third parties shown above had no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

(iv) Other receivables mainly represent deposits with suppliers. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Group assessed and recognised a provision for impairment of other receivables amounting to RMB34,207,000 (31 December 2024: RMB26,721,000) in accordance with IFRS 9 as at 31 December 2025.

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

	2025	2024
	RMB'000	*RMB'000*
At beginning of year	**26,721**	28,311
Impairment, net	**7,486**	(299)
Amount written off as uncollectible	**–**	(1,291)
At end of year	**34,207**	26,721

13. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of authorised ordinary shares	**Number of issued and fully paid ordinary shares**	**Share capital**	**Share premium**	**Total**
	'000	*'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024 and 31 December 2024 and at 31 December 2025 (HK$0.01 per share)	100,000,000	9,329,999	77,058	3,882,304	3,959,362

(i) During the year, the Group repurchased 38,255,000 of its own shares on the Stock Exchange through a trust controlled by the Company at a total consideration, including expenses, of HK$51,900,000 (equivalent to RMB47,340,000) for the 2022 Share Award Scheme adopted in October 2022. As at 31 December 2025, these repurchased shares were not granted.

(ii) During the year, the Group repurchased 164,011,000 of its own shares on the Stock Exchange at a total consideration, including expenses, of HK$153,925,000 (equivalent to RMB141,285,000) and these shares were held as treasury shares. As at 31 December 2025, these repurchased shares were not cancelled.

As at 31 December 2025, the Group had 288,199,000 (2024: 85,933,000) purchased shares classified as treasury shares held for the share option scheme and for raising capital in the future.

14. OTHER LIABILITIES

	Notes	2025 RMB'000	2024 RMB'000
Deferred government grants	(i)	**111,104**	119,346
Other borrowings	(ii)	**25,244**	41,543
Sale and leaseback	(iii)	**34,270**	35,553
Others	(iv)	**1,294,186**	2,459,007
Total		**1,464,804**	2,655,449

(i) It represents the deferred revenue of government grants received for the construction of property, plant and equipment. It will be credited to the consolidated profit or loss on a straight-line basis over the expected lives of the related assets. RMB8,661,000 of the total deferred amount classified as current liabilities as at 31 December 2025 (31 December 2024: RMB8,686,000).

(ii) Other borrowings consist of borrowings amounting to RMB24,244,000 (31 December 2024: RMB 32,254,000) from third parties, which are interest-bearing, unsecured and repayable in one year, borrowings amounting to nil (31 December 2024: RMB8,289,000) from a non-controlling shareholder of a Group's subsidiary, which are interest-bearing, unsecured and repayable in five to seven years, and, a borrowing amounting to RMB1,000,000 (31 December 2024: RMB1,000,000) from a third party, which is interest-bearing, unsecured and repayable in six years. As at 31 December 2025, RMB24,244,000 (31 December 2024: RMB 32,254,000) of the total amount was classified as current liabilities.

Certain financial liabilities that are part of the supplier finance arrangements were included in other current liabilities. Details of the supplier finance arrangements are included in note 15 to the financial statements.

(iii) Sale and leaseback represents long-term payable to a third party which was secured by mortgage over the sale and leaseback equipment with an aggregate carrying value of RMB37,711,000 (31 December 2024: RMB42,361,000). There was RMB2,800,000 classified as current liabilities as at 31 December 2025 (31 December 2024: RMB2,683,000). No gain or loss was recognized on the sale and leaseback transaction.

(iv) Others represent the redemption liabilities in relation to the investments in subsidiaries' shares by third party investors. Of the total outstanding liabilities, RMB1,294,186,000 was classified as current liabilities as at 31 December 2025. Pursuant to the agreements with non-controlling shareholders, capital contribution and related shares being transferred shall be redeemed by the Group upon the occurrence of certain contingent events which cannot be controlled by the Group. The redemption obligations give rise to financial liabilities, which are measured at the net present value of the redemption amounts. During the year ended 31 December 2025, the redemption liabilities of RMB1,326,612,000 were derecognised and reclassified from liabilities to other reserve upon a successful listing of a subsidiary on Hong Kong Stock Exchange.

15. TRADE AND OTHER PAYABLES

	Notes	**2025** ***RMB'000***	2024 *RMB'000*
Trade payables	(i)	**387,724**	241,933
Deposit payables		**263,334**	284,840
Accrued reimbursement to distributors		**279,192**	333,920
Payable for acquisition of a subsidiary		**300,000**	300,000
Other payables		**388,226**	225,085
Costs of construction and purchase of equipment payables		**80,529**	109,126
Salaries payable		**104,007**	65,482
Payable for research and development expenses		**90,775**	78,047
Interest payable		**3,569**	12,613
Notes payable		**34,985**	31,244
Amounts due to associates		**1,124**	1,234
Dividends payable		**307**	4,354
Total		**1,933,772**	1,687,878

(i) The trade payables are non-interest-bearing and have an average term of 40 days.

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

	2025 ***RMB'000***	2024 *RMB'000*
Within 6 months	**309,652**	138,888
6 months to 1 year	**44,795**	91,983
More than 1 year	**33,277**	11,062
Total	**387,724**	241,933

The fair values of trade and other payables approximate to their carrying amounts.

The financial liabilities that are part of the Group's supplier finance arrangements included in other current liabilities are normally settled on 1-year terms.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

All financial liabilities that are part of the supplier finance arrangements are included in other current liabilities in the statement of financial position and within the current portion of other borrowings.

	31 December 2025	**31 December 2024**
	RMB'000	***RMB'000***
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:		
Other current liabilities		
of which suppliers have received payments	24,244	32,254

16. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate *(%)*	*Maturity*	*RMB'000*	Effective interest rate *(%)*	*Maturity*	*RMB'000*
Current						
Secured bank borrowings	**2.45–4.00**	**2026**	**192,314**	2.80–4.50	2025	137,037
Total – current			**192,314**			137,037
Non-current						
Secured bank borrowings	**2.45–3.75**	**2027–2035**	**694,437**	3.45–4.60	2026–2035	704,747
Total – non-current			**694,437**			704,747
Total			**886,751**			841,784

	2025	2024
	RMB'000	*RMB'000*
Analysed into:		
Bank borrowings:		
Within the first year	**192,314**	137,037
Within the second to fifth years	**383,589**	393,900
Beyond the fifth year	**310,848**	310,847
Total	**886,751**	841,784

(a) Certain of the Group's bank borrowings are secured by:

(i) mortgages over the Group's leasehold land and property, plant and equipment with an aggregate carrying value of RMB576,308,000 (31 December 2024: RMB626,749,000);

(ii) the pledge of certain of the Group's time deposits amounting to RMB56,000,000 included in pledged deposits under current assets (31 December 2024: a current asset of RMB56,000,000); and

(iii) a portion of equity interests in a subsidiary.

(b) All borrowings are denominated in RMB.

17. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments at the end of the year:

	2025	2024
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**108,416**	155,035
Intangible assets – product development in progress	**26,720**	26,720
Total	**135,136**	181,755

(b) Lease commitments

The Group had the following lease commitments at the end of the year:

	2025	2024
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Short-term leases and leases of low-value assets	**62**	195

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the Year was approximately RMB2,618.0 million (2024: RMB1,901.1 million), representing a year-on-year increase of approximately 37.7% (approximately RMB716.9 million).

Among the changes in revenue, the increase was primarily driven by the medical aesthetics business. During the Year, revenue from the medical aesthetics business amounted to approximately RMB1,485.3 million (2024: RMB744.2 million), representing a year-on-year increase of approximately 99.6% (approximately RMB741.1 million). Specifically, the core flagship product Letybo® achieved a robust revenue growth driven by continued channel penetration and expanded coverage, reaching over 8,000 medical aesthetics institutions and 1,500 key medical aesthetics institutions; newly approved products including PLLA filler (Huiyanzhen and Sifuyan) and PCL filler (Qingyan) demonstrated outstanding performance following their market launch, while the L-carnosine-containing facial revitalizer Dongyan filled a gap in the niche market, contributing significant incremental momentum to the medical aesthetics business revenue; meanwhile, leveraging its comprehensive portfolio of compliant products, the Company implemented a multi-product combination marketing strategy, vigorously promoting combination solutions including Letybo+ and Magic Youthful Face, further driving rapid expansion of overall sales scale and becoming the primary driver of the Group's revenue growth.

Revenue from innovative medicine and other medicine amounted to approximately RMB176.4 million (2024: RMB57.6 million), representing a year-on-year increase of approximately 206.3% (approximately RMB118.8 million), mainly attributable to the continued increase in sales of diabetes-related products by Huisheng Biopharm, and the gradual commercialisation of three approved products by Xuanzhu Biopharm, achieving modest revenue growth and gradually unlocking long-term profitability potential.

Revenue from the generic medicine business amounted to approximately RMB956.3 million (2024: RMB1,099.3 million), representing a year-on-year decrease of approximately 13.0% (approximately RMB143.0 million).

Gross profit

Gross profit of the Group for the Year amounted to approximately RMB1,801.9 million (2024: RMB1,241.7 million), representing a year-on-year increase of approximately 45.1% (approximately RMB560.2 million). The overall gross profit margin of the Group was 68.8%, representing a year-on-year increase of 3.5% as compared to 65.3% for the previous year. This was mainly attributable to the continued sales growth of core single products such as Letybo® and Huiyanzhen following the Group's achievement of a comprehensive compliant portfolio layout in the medical aesthetics business, the increased revenue contribution from high-margin categories such as self-developed regenerative materials, and the further improvement in the overall gross profit margin of the medical aesthetics business; moreover, the revenue contribution from the medical aesthetics business exceeded 50% of total revenue for the first time, becoming the largest source of revenue, and the significant increase in the proportion of the high-margin medical aesthetics business drove a dual increase in the Group's overall gross profit and gross profit margin. Meanwhile, the Group proactively implemented full-process cost control measures for the generic medicine business, reducing costs at all stages to effectively offset the impact of declining generic medicine revenue on gross profit.

Other gains – net

Other gains – net of the Group for the Year amounted to approximately RMB60.5 million (2024: RMB123.7 million), representing a year-on-year decrease of 51.1% (approximately RMB63.2 million), mainly due to lower government grants recognised as income, less gain on disposals of associates and exchange loss for the Year.

Distribution expenses

Distribution expenses of the Group for the Year amounted to approximately RMB620.8 million (2024: RMB430.1 million), representing a year-on-year increase of 44.3% (approximately RMB190.7 million), mainly attributable to the vigorous promotion of sales of the medical aesthetics business and the sales of new product of Huisheng Biopharm under the innovative medicine business during the Year, representing strategic investments in channel expansion and market promotion, which were highly aligned with the revenue growth of the medical aesthetics business and Huisheng Biopharm.

Administrative expenses

Administrative expenses of the Group for the Year amounted to approximately RMB497.3 million (2024: RMB745.4 million), representing a year-on-year decrease of 33.3% (approximately RMB248.1 million), mainly due to the decrease in share-based payment expenses under the share incentive scheme of Xuanzhu Biopharm, and the Group's promotion of refined internal management, streamlining of management processes, and improvement of management efficiency.

R&D expenses

Overall R&D expenses of the Group for the Year amounted to approximately RMB291.3 million (2024: RMB473.9 million), representing a year-on-year decrease of 38.5% (approximately RMB182.6 million), mainly due to the Group's core R&D results achieving substantial commercial application and entering harvesting period. However, future R&D expenses are expected to prevail at a level in line with the on-going work and efforts on exploration and development of new products.

Other expenses

Other expenses of the Group for the Year amounted to approximately RMB46.3 million (2024: RMB102.2 million), representing a year-on-year decrease of 54.7% (approximately RMB55.9 million).

Operating profit/(loss)

Operating profit of the Group for the Year amounted to approximately RMB607.1 million (2024: loss of RMB138.1 million), mainly attributable to the significant increase in revenue from the medical aesthetics business, efficient control of costs and expenses, and improved revenue from the innovative medicine business.

Finance expenses

Finance expenses for the Year amounted to approximately RMB201.6 million (2024: RMB274.9 million), representing a year-on-year decrease of 26.7% (approximately RMB73.3 million). The total amount included the interest expenses on the redemption liabilities on subsidiaries' shares amounting to approximately RMB161.8 million (2024: RMB228.8 million). The decrease in interest expenses on redemption liabilities was mainly attributable to the fact that, following the listing of Xuanzhu Biopharm on the Stock Exchange during the Year, the Group's repurchase obligations to shareholders of Xuanzhu Biopharm were fully discharged from the listing date, and the Group was no longer required to recognise or pay the related interest expenses.

Profit/(loss) before tax

Profit before tax of the Group for the Year amounted to approximately RMB417.2 million (2024: loss of RMB428.3 million). The Group successfully achieved a turnaround from loss to profit, which was mainly attributable to the significant increase in revenue from the medical aesthetics business.

Income tax expense

Income tax expense of the Group for the Year amounted to approximately RMB231.8 million (2024: RMB43.3 million), representing a year-on-year increase of 435.3% (approximately RMB188.5 million), mainly attributable to increase in taxable profit as a result of the significant increase in revenue from the medical aesthetics business.

Profit/(loss) for the Year

Given the above, profit for the Year of the Group amounted to approximately RMB185.4 million (2024: loss of RMB471.5 million). The Group successfully achieved a turnaround from loss to profit.

Profit/(loss) attributable to owners of the Company

Profit attributable to owners of the Company for the Year amounted to approximately RMB179.7 million (2024: loss of RMB216.7 million). The Group achieved a turnaround from loss to profit, mainly attributable to the significant increase in revenue from the medical aesthetics business.

Profit/(loss) attributable to non-controlling interests

Profit attributable to non-controlling interests for the Year amounted to approximately RMB5.7 million (2024: loss of RMB254.9 million), mainly attributable to non-controlling interests benefiting from the increase in revenue from the medical aesthetic business.

Liquidity and financial resources

The Group maintained a stable financial position. As at 31 December 2025, the Group's cash and cash equivalents, wealth management products, pledged deposits and time deposits amounted to approximately RMB4,397.4 million in aggregate (2024: RMB3,976.4 million), representing a year-on-year increase of 10.6% (approximately RMB421.0 million), mainly attributable to the fundraising from the listing of Xuanzhu Biopharm on the Stock Exchange during the Year. Of the aggregated balance, cash and cash equivalents amounted to approximately RMB3,560.5 million (31 December 2024: RMB3,522.4 million), wealth management products recognised in the consolidated statement of financial position amounted to approximately RMB548.5 million (31 December 2024: RMB110.6 million), and pledged deposits and time deposits amounted to approximately RMB288.4 million in aggregate (31 December 2024: RMB343.4 million).

In general, the Group places its excess cash into interest-bearing bank accounts. The Group may use extra cash for short-term investments for higher returns. Thus, the Group has entered into agreements with certain banks for surplus cash investments. According to the terms of the agreements signed, the total amount of investments conducted by the Group was approximately RMB8,049.5 million. The investments made by the Group were short-term in nature and mainly consisted of wealth management products purchased from certain state-owned banks.

At their discretion, issuing banks for the above-mentioned wealth management products may invest the relevant proceeds in financial instruments such as government bonds, discounted bank acceptance bills and commercial acceptance bills and bank deposits. As the highest applicable percentage ratio in respect of the investments in each bank (after aggregation according to Rules 14.22 and 14.23 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange) separately is less than 5% as at the time of the investments according to Rule 14.07 of the Listing Rules, such investments did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As at 31 December 2025, bank borrowings of the Group amounted to approximately RMB886.8 million (31 December 2024: RMB841.8 million) and other borrowings of the Group amounted to approximately RMB25.2 million (31 December 2024: RMB41.5 million). Approximately 94.0% of the total amount of borrowings were at floating rates and the remaining 6.0% were at fixed rates (31 December 2024: 91.0% floating; 9.0% fixed). The Group's borrowings-to-equity ratio, expressed as a percentage of borrowings over equity attributable to owners of the Company, was 15.6% (31 December 2024: 20.2%). The Group had sufficient cash as at 31 December 2025. The Directors are of the opinion that the Group does not have any significant capital risk.

Inventories

As at 31 December 2025, inventories amounted to approximately RMB617.7 million (31 December 2024: RMB417.0 million), representing an increase of 48.1% (approximately RMB200.7 million). The inventory turnover period for the Year was 228 days (2024: 266 days). This was mainly attributable to the fact that multiple products under the medical aesthetics and innovative medicine businesses have been newly approved during the Year; in order to meet the explosive growth of the medical aesthetics business and the commercialisation needs of innovative medicine products, the Group proactively increased raw material and finished goods inventory, representing strategic measures to safeguard terminal supply and seize market share in the sector.

Trade and other receivables

The Group's trade receivables and notes receivable include credit sales of its products to be paid by its distributors. Other receivables of the Group mainly consist of prepayments to suppliers and loans to associates and third parties. As at 31 December 2025, the Group's trade and other receivables were approximately RMB1,940.1 million (31 December 2024: RMB1,424.2 million), representing an increase of 36.2% (approximately RMB515.9 million). Trade receivables and notes receivable were approximately RMB1,156.0 million (31 December 2024: RMB593.9 million), representing an increase of 94.6% (approximately RMB562.1 million), mainly attributable to the continued growth of core products in the medical aesthetics business, the rapid ramp-up of new products such as regenerative products and hydro-facial injectables, and the year-on-year doubling of the overall sales scale of the medical aesthetics business, resulting in a corresponding increase in trade receivables. The Group has established a comprehensive receivables collection management system to keep the collection pace in line with business expansion.

Property, plant and equipment

The Group's property, plant and equipment include buildings, production and electronic equipment, vehicles and construction in progress. As at 31 December 2025, the net book value of the property, plant and equipment was approximately RMB1,902.8 million (31 December 2024: RMB2,007.5 million), representing a decrease of 5.2% (approximately RMB104.7 million).

Intangible assets

The Group's intangible assets mainly comprise customer relationships, deferred development costs, product development in progress and trademark and software. The deferred development costs and product development in progress mainly related to the acquisition of several drug R&D projects and self-development of R&D projects. As at 31 December 2025, net intangible assets amounted to approximately RMB953.8 million (31 December 2024: RMB841.7 million), representing an increase of 13.3% (approximately RMB112.1 million). This was mainly attributable to the increase in capitalised R&D expenses of the innovative medicine business.

Trade and other payables

The Group's trade and other payables mainly comprise trade payables, notes payable, deposit payables, accrued expenses, costs of construction and purchase of equipment payables and payable for acquisition of a subsidiary. As at 31 December 2025, trade and other payables amounted to approximately RMB1,933.8 million (31 December 2024: RMB1,687.9 million), representing an increase of 14.6% (approximately RMB245.9 million).

Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

Off-balance sheet commitments and arrangements

As at 31 December 2025, the Group had neither entered into any off-balance sheet arrangements nor commitments to provide guarantees for any payment obligations of any third party. The Group did not have any variable interests in any unconsolidated entities which received from the Group financing or liquidity funding, or generated market risk or provided credit support, or engaged in the provision of leasing or hedging or R&D services to the Group.

Capital commitment

As at 31 December 2025, the Group's total capital commitment was approximately RMB135.1 million. It was mainly set aside for purchase of property, plant and equipment and intangible assets.

Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, notes receivable, wealth management products and other receivables. All the cash equivalents and bank deposits are placed in certain reputable financial institutions in the People's Republic of China (the "**PRC**") and high-quality international financial institutions outside Chinese mainland. All those irrevocable bank bills, classified as notes receivable, are issued by banks in the PRC with high credit rating. There was no recent history of default of cash equivalents and bank deposits in relation to these financial institutions.

The Group has no significant concentrations of credit risk in relation to trade receivables and has policies in place to ensure that certain cash advance has been received upon the agreement of the related sales orders with customers. For those with credit periods granted, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. It also undertakes certain monitoring procedures to ensure that proper follow-up action is taken to recover overdue debts. The Group regularly performs aging analysis, assesses credit risks and estimates the recoverability regarding such receivables based on historical data and cash collection history of groups of trade receivables bearing similar credit risk.

Wealth management products are the bank financial products issued by certain reputable banking institutions in the PRC. There was no recent history of default and the executive directors of the board of the Company are of the opinion that the credit risk related to the investments is low.

In relation to other receivables, the credit quality of the debtors is assessed by taking into account their financial position, relationship with the Group, credit history and other factors. Management also regularly reviews the recoverability of these other receivables and follows up on the disputes or amounts overdue, if any. The executive directors are of the opinion that the default by counterparties is likely to be low.

No other financial assets bear a significant exposure to credit risk.

Foreign exchange risk

The Group's functional currency is RMB and financial instruments are mainly denominated in RMB. The Group has some cash balances mainly denominated in United States Dollar and Hong Kong dollar ("**HK$**"). It is expected that any fluctuation of these foreign currencies' exchange rates would not have material effect on the operation of the Group. In addition, dividend payment in foreign currencies converted from RMB is subject to foreign exchange rules and regulations promulgated by the PRC government. The Group would closely monitor such exchange risk from time to time. During the Year, the Group did not purchase any foreign exchange, interest rate derivative products or relevant hedging tools.

Treasury policy

The Group finances its ordinary operations mainly with internally generated resources. The principal objective of the Group's capital management is to maintain its ability to operate on a continuous basis. The Group regularly reviews its capital structure to ensure that the Group has sufficient financial resources to support its business operations.

Capital expenditure

The Group's capital expenditure mainly includes purchase of property, plant and equipment, investment properties and intangible assets. During the Year, the Group's capital expenditure amounted to approximately RMB194.5 million, of which approximately RMB58.3 million and RMB136.2 million were spent on purchase of property, plant and equipment and purchase of or self-development of intangible assets, respectively.

Material investment, acquisition and disposal

During the Year, the Group did not have any material investment, acquisition or disposal.

As of 31 December 2025, the Group did not have any material investments required to be disclosed pursuant to paragraph 32(4A) of Appendix D2 to the Listing Rules.

Future plans for material investments or capital assets

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets during the Year and up to the date of this announcement.

Pledge of assets

As at 31 December 2025, the Group had pledged certain assets to secure banking facilities granted to subsidiaries.

For details, please refer to note 16 to the financial statements.

Human resources and remuneration of employees

Human resources are indispensable assets to the Group's success in a competitive environment. The Group is committed to providing competitive remuneration packages to all the employees and regularly reviewing human resources policies, to encouraging employees to work towards enhancing the value of the Company and promoting the sustainable growth of the Company. The Group has also adopted share option scheme and share award scheme to recognise and reward the contribution of the employees for the benefit of the Group's operations and future development. The Group continues to promote the building of talent training and development system, and conducts online and offline training based on the competency standards for positions at different levels to promote the cultivation and development of talents in the Group and ensure continuous supply of various types of talents.

As at 31 December 2025, the Group had 2,843 employees. During the Year, the Group's total salary and related costs were approximately RMB538.3 million (2024: RMB912.5 million), including bonus and non-cash share-based payments of approximately RMB79.1 million and RMB9.0 million (2024: RMB35.8 million and RMB418.0 million). Salary for employees was determined based on their job nature, personal performance and the market trends. The Group provides basic social insurance and housing accumulation fund for company employees as required by the PRC law.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's existing bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company (the "**Shareholders**").

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, no Directors or their respective associates (as defined under the Listing Rules) are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital was held by members of the public as at the date of this announcement as required under the Listing Rules.

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

During the Year, the Company repurchased 164,011,000 Shares through the Stock Exchange at a total consideration, before expenses, of approximately HK$153.33 million and held as treasury shares (the "**Treasury Shares**[1]"). Details of repurchase are as follows:

	Number of Shares repurchased	**Repurchasing price for each Share**		**Aggregate consideration paid**	
		Highest HK$	*Lowest HK$*	*HK$ million*	*Equivalent to RMB million*
February 2025	10,000,000	0.58	0.57	5.72	5.27
April 2025	53,733,000	0.71	0.55	33.56	30.98
May 2025	32,682,000	0.74	0.68	23.48	21.79
June 2025	20,000,000	1.10	1.08	21.82	20.01
September 2025	14,596,000	1.51	1.48	21.79	19.87
October 2025	25,000,000	1.54	1.43	36.95	33.73
December 2025	8,000,000	1.27	1.24	10.01	9.11
Total:	**164,011,000**			**153.33**	**140.76**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the year ended 31 December 2025. As at 31 December 2025, the Company held 184,011,000 Treasury Shares. The Company intended to use such Treasury Shares for subsequent sale or transfer.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period up to the date of this announcement.

1 has the meaning ascribed to it under the Listing Rules

CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's financial reporting matters and the internal control system in relation to finance and accounting and submitted improvement proposals to the Board.

The annual results of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on Friday, 26 June 2026. The notice of the Annual General Meeting will be published on the websites of the Company and the Stock Exchange and sent to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Monday, 22 June 2026 to Friday, 26 June 2026 (both dates inclusive). In order to determine the identity of the Shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 June 2026. The record date for determining the identity of the Shareholders who are entitled to attend and vote at the Annual General Meeting is Friday, 26 June 2026.

INFORMATION ON FINAL CASH DIVIDEND

The Board recommended the declaration and payment of a final cash dividend of RMB0.96 cents per share (equivalent to HK1.09 cents per share) for the year ended 31 December 2025 (2024: Nil) in thanking Shareholders' support, subject to the approval by the Shareholders at the Annual General Meeting. The final cash dividend payable to Shareholders shall be converted to and paid in HK$. The exchange rate adopted for conversion was based on the exchange rate of RMB1 to HK$1.133 as of 31 March 2026 (being the medium exchange rate of RMB to HK$ as announced by the People's Bank of China on the date of the Board meeting).

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ENTITLEMENT OF FINAL CASH DIVIDEND

The register of members of the Company will be closed from Friday, 3 July 2026 to Monday, 6 July 2026 (both dates inclusive). In order to qualify for the final cash dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 2 July 2026. The final cash dividend, subject to the approval by the Shareholders at the Annual General Meeting, will be payable on Thursday, 16 July 2026 to the Shareholders whose names appear on the register of members of the Company on Monday, 6 July 2026.

As at 31 December 2025, the Company held 184,011,000 Treasury Shares, and the Company did not hold any repurchased shares pending cancellation. All Treasury Shares and repurchased shares pending cancellation will not receive the final cash dividend of the Company. To the extent that any Treasury Shares are deposited with the Central Clearing and Settlement System ("**CCASS**") pending resale on the Stock Exchange, the Company will withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the last registration date for the final cash dividend.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.sihuanpharm.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2025 will be dispatched to Shareholders and available on the above websites in due course.

Shareholders are encouraged to elect to receive corporate communications electronically. Shareholder may at any time send written notice to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via email at sihuanpharm-ecom@vistra.com specifying his/her name, address and request to change his/her choice of language or means of receipt of all corporate communications.

APPRECIATION

The Board would like to express its sincere appreciation to our Shareholders, customers and suppliers for their continued support of the Group. The Board also wishes to thank the Group's management and staff for achieving remarkable progress in the Group's business and their dedication and commitment for improving the Group's management.

By order of the Board
Sihuan Pharmaceutical Holdings Group Ltd.
Dr. Che Fengsheng
Chairman and Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors of the Company are Dr. Che Fengsheng (Chairman), Dr. Guo Weicheng (Deputy Chairman and Chief Executive Officer), Dr. Zhang Jionglong, Ms. Chen Yanling and Ms. Miao Guili; and the independent non-executive Directors of the Company are Mr. Tsang Wah Kwong, Dr. Zhu Xun and Mr. Wang Guan.